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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

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LOK SABHA

The following Bill was introduced in Lok Sabha on the 28th February, 1966:—

*BILL No. 17 OF 1966

A Bill to give effect to the financial proposals of the Central Government for the financial year 1966-67.

BE it enacted by Parliament in the Seventeenth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

Short title and commencement.

1. (1) This Act may be called the Finance Act, 1966.

(2) Save as otherwise provided in this Act, sections 2 to 43, section 52 and section 53 shall be deemed to have come into force on the 1st day of April, 1966.

CHAPTER II

INCOME-TAX AND ANNUITY DEPOSITS FOR THE FINANCIAL YEAR 1966-67

Income-tax.

2. (1) Subject to the provisions of sub-sections (2), (3), (4) and (5), for the assessment year commencing on the 1st day of April, 1966, income-tax shall be charged at the rates specified in Part I of the First Schedule and, in the cases to which Paragraphs A, B, C and D of that Part apply, shall be increased by a surcharge for purposes

*The President has, in pursuance of clauses (1) and (3) of article 117 and clause (1) of article 274 of the Constitution of India, recommended to Lok Sabha, the introduction and consideration of the Bill.

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of the Union and a special surcharge for purposes of the Union, calculated in either case in the manner provided therein.

(2) In making any assessment for the assessment year commencing on the 1st day of April, 1966, where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries", the income-tax payable by the assessee on that part of his total income which consists of such inclusion shall be an amount bearing to the total amount of income-tax payable according to the rates applicable under the operation of the Finance Act, 1965, on his total income the same proportion as the amount of such inclusion bears to his total income.

(3) In making any assessment for the assessment year commencing on the 1st day of April, 1966, where the total income of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, includes any profits and gains from life insurance business, the income-tax payable by it shall be the aggregate of the income-tax calculated—

(i) on the amount of profits and gains from life insurance business so included, at the rate applicable in the case of the Life Insurance Corporation of India, in accordance with Paragraph E of Part I of the First Schedule, to that part of its total income which consists of profits and gains from life insurance business; and

(ii) on the remaining part of its total income, at the rate applicable to the company on its total income.

(4) In cases to which Chapter XII of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) applies, the tax chargeable shall be determined as provided in that Chapter, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter, as the case may be.

(5) (a) In respect of any assessment for the assessment year commencing on the 1st day of April, 1966, in the case of an assessee being a domestic company or an assessee other than a company,—

(i) where his total income includes any profits and gains derived from the export of any goods or merchandise out of India, he shall be entitled to a deduction, from the amount of income-tax with which he is chargeable, of an amount equal to the income-tax calculated at one-tenth of the average rate of income-tax on the amount of such profits and gains included in his total income;

(ii) where he is engaged in the manufacture of any articles in an industry specified in the First Schedule to the Industries

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65 of 1951. (Development and Regulation) Act, 1951, and has, during the previous year, exported such articles out of India, he shall be entitled, in addition to the deduction of income-tax referred to in sub-clause (*i*), to a further deduction, from the amount of income-tax with which he is chargeable for the assessment year, of an amount equal to the income-tax calculated at the average rate of income-tax on an amount equal to two per cent. of the sale proceeds receivable by him in respect of such export.

Explanation.—In this sub-clause, the expression "sale proceeds" does not include freight or insurance attributable to the transport of the articles beyond the customs station as defined in the Customs Act, 1962;

52 of 1962.

(*iii*) where he is engaged in the manufacture of any articles in an industry specified in the said First Schedule and has, during the previous year, sold such articles to any other person in India who himself has exported them out of India, and evidence is produced before the Income-tax Officer of such articles having been so exported, the assessee shall be entitled to a deduction, from the amount of income-tax with which he is chargeable for the assessment year, of an amount equal to the income-tax calculated at the average rate of income-tax on a sum equal to two per cent. of the sale proceeds receivable by him in respect of such articles from the exporter.

(*b*) The aggregate amount of the deductions under this sub-section shall in no case exceed the amount of income-tax otherwise payable by the assessee.

(*c*) Nothing contained in sub-clause (*ii*) or sub-clause (*iii*) of clause (*a*) shall apply in relation to—

(1) fuels,

(2) fertilisers,

(3) photographic raw film and paper,

(4) textiles (including those dyed, printed or otherwise processed) made wholly or in part of jute, including jute twine and rope,

(5) newsprint,

(6) pulp—wood pulp, mechanical, chemical, including dissolving pulp,

(7) sugar,

(8) vegetable oils and vanaspathi,

(9) cement and gypsum products,

(10) arms and ammunition, and

(11) cigarettes,

respectively, specified in items 2, 18, 20, 23(2), 24(2), 24(5), 25, 28, 35, 37 and 38 of the First Schedule to the Industries (Development and Regulation) Act, 1951.

65 of 1951.

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(*d*) The amount of any profits and gains derived from the export of any goods or merchandise out of India in respect of which deduction of income-tax is admissible under sub-clause (*i*) of clause (*a*) shall be computed in accordance with the rules made by the Board in this behalf.

(6) In cases in which tax has to be deducted under sections 193 to 195 of the Income-tax Act at the rates in force, the deduction shall be made at the rates specified in Part II of the First Schedule.

(7) For the purposes of this section and the First Schedule,—

(*a*) "company in which the public are substantially interested" includes a subsidiary company of such company referred to in clause (*b*) of section 108 of the Income-tax Act;

(*b*) "domestic company" means an Indian company, or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1966, has made the prescribed arrangements for the declaration and payment within India of the dividends payable out of such income in accordance with the provisions of section 194 of that Act;

(*c*) "earned income" means any income of an assessee who is an individual, or a Hindu undivided family, or an unregistered firm [not being an unregistered firm assessed under clause (*b*) of section 183 of the Income-tax Act] or an association of persons or body of individuals, whether incorporated or not, not being—

(*A*) a company, or

(*B*) a local authority, or

(*C*) a registered firm, or

(*D*) an unregistered firm assessed under clause (*b*) of the said section 183—

(*i*) which is chargeable under the head "Salaries"; or

(*ii*) which is chargeable under the head "Profits and gains of business or profession" where the business or profession is carried on by the assessee or, in the case of a firm, where the assessee is a partner actively engaged in the conduct of the business or profession; or

(*iii*) which is chargeable under the head "Income from other sources" if it is immediately derived from personal exertion or represents a pension or superannuation or other allowance given to the assessee in respect of the past services of any deceased person, or which is chargeable under that head under clause (*ia*) of sub-section (2) of section 56 of the Income-tax Act, and

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includes any such income which, though it is the income of another person, is included in the assessee's total income under the provisions of the Income-tax Act, but does not include any such income on which income-tax is not payable under clause (*iii*) or clause (*v*) of section 86 of that Act or which is exempted from tax under a notification issued under section 60 or section 60A of the Indian Income-tax Act, 1922, as continued in force by clause (*l*) of sub-section (2) of section 297 of the Income-tax Act;

11 of 1922.

(*d*) "industrial company" means a company which is mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining.

Explanation.—For the purposes of this clause, a company shall be deemed to be mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining, if the income attributable to any of the aforesaid activities included in its total income for the previous year is not less than fifty-one per cent. of such total income;

(*e*) "unearned income" means income which is not "earned income";

(*f*) "tax free security" means any security of the Central Government issued or declared to be income-tax free, or any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government;

(*g*) all other words and expressions used in this section and the First Schedule but not defined in this sub-section and defined in the Income-tax Act, shall have the meanings respectively assigned to them in that Act.

Annuity deposit.

3. Save as otherwise provided in Chapter XXIIA of the Income-tax Act, annuity deposit for the assessment year commencing on the 1st day of April, 1966, shall be made by every person to whom the provisions of that Chapter apply, at the rates specified in the Second Schedule.

CHAPTER III

AMENDMENTS TO THE INCOME-TAX ACT

Amendment of section 2.

4. In section 2 of the Income-tax Act,—

(*a*) in clause (*18*),—

(*i*) in sub-clause (*b*), for the words "is not a private company", the words "is a public company" shall be substituted;

(*ii*) in *Explanation 2*, for the words "consists wholly" the words "consists mainly in the construction of ships or" shall be substituted;

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(*b*) in clause (*22*), in sub-clause (*ia*), after the words, figures and letters "the 31st day of March, 1964", the words, figures and letters "and before the 1st day of April, 1965" shall be inserted;

(*c*) in clause (*42A*), after the words "the date of its transfer", the following shall be inserted, namely:—

"but does not include a capital asset, being a certificate issued by an authorised dealer as defined in clause (*aa*) of section 2 of the Foreign Exchange Regulation Act, 1947, as evidence of the remittance of foreign currency or other foreign exchange [as defined respectively in clause (*c*) and clause (*d*) of the said section] to India from a country outside India in accordance with the provisions of the said Act and any rules made thereunder, during the period commencing on the 26th day of October, 1965 and ending on the 28th day of February, 1966, or such later date as the Central Government may, by notification in the Official Gazette, specify in this behalf, notwithstanding that such capital asset has been held by the assessee for not more than twelve months immediately preceding the date of its transfer".

amend-ment of section 13.

5. In section 13 of the Income-tax Act, in clause (*b*), for sub-clause (*ii*), the following sub-clause shall be substituted, namely:—

"(*ii*) if under the terms of the trust or the rules governing the institution, any part of such income enures, directly or indirectly, or if any part of such income or any property of the trust or the institution is during the previous year used or applied, directly or indirectly, for the benefit of the author of the trust or the founder of the institution or any person who has made a substantial contribution to such trust or institution or any relative of such author, founder or person and where such author, founder or person is a Hindu undivided family, any part of such income enures, or any part of such income or any such property is during the previous year used or applied, directly or indirectly, for the benefit of any member of the Hindu undivided family or any relative of any member of the family.".

amend-ment of section 32.

6. In section 32 of the Income-tax Act, in sub-section (*1*),—

(*a*) to clause (*ii*), the following proviso shall be added, namely:—

"Provided that where the actual cost of any machinery or plant does not exceed seven hundred and fifty rupees, the actual cost thereof shall be allowed as a deduction in respect

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of the previous year in which such machinery or plant is acquired;";

(*b*) in clause (*iii*), for clause (*1*) of the *Explanation*, the following clause shall be substituted, namely:—

'(*1*) "moneys payable" in respect of any building, machinery, plant or furniture includes—

(*a*) any insurance, salvage or compensation moneys payable in respect thereof;

(*b*) where the building, machinery, plant or furniture is sold, the price for which it is sold,

so, however, that where the actual cost of a motor car is, in accordance with the proviso to clause (*1*) of section 43, taken to be twenty-five thousand rupees, the moneys payable in respect of such motor car shall be taken to be a sum which bears to the amount for which the motor car is sold or, as the case may be, the amount of any insurance, salvage or compensation moneys payable in respect thereof (including the amount of scrap value, if any) the same proportion as the amount of twenty-five thousand rupees bears to the actual cost of the motor car to the assessee as it would have been computed before applying the said proviso;';

(*c*) in clause (*iv*), for the words "drawing a remuneration not exceeding two hundred rupees per mensem,", the words 'the income of each such person chargeable under the head "Salaries" is seven thousand five hundred rupees or less,' shall be substituted.

Amendment of section 33

7. In section 33 of the Income-tax Act, in the *Explanation* to sub-section (*3*), the words "and the subsidiary company is an Indian company" shall be omitted.

Amendment of section 33A.

8. In section 33A of the Income-tax Act,—

(*a*) in sub-section (*1*),—

(*i*) in clause (*i*), for the words "forty per cent.", the words "fifty per cent." shall be substituted;

(*ii*) in clause (*ii*), for the words "twenty per cent.", the words "thirty per cent." shall be substituted;

(*iii*) for the words "be allowed as a deduction in respect of the third succeeding previous year next following the previous year in which the land is prepared for planting or

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replanting, as the case may be:", the following shall be substituted, namely:—

"be allowed as a deduction in the manner specified hereunder, namely:—

(*a*) the amount of the development allowance shall, in the first instance, be computed with reference to that portion of the actual cost of planting which is incurred during the previous year in which the land is prepared for planting or replanting, as the case may be, and in the previous year next following, and the amount so computed shall be allowed as a deduction in respect of such previous year next following; and

(*b*) thereafter, the development allowance shall again be computed with reference to the actual cost of planting, and if the sum so computed exceeds the amount allowed as a deduction under clause (*a*), the amount of the excess shall be allowed as a deduction in respect of the third succeeding previous year next following the previous year in which the land has been prepared for planting or replanting, as the case may be:";

(*b*) in sub-section (*2*),—

(*i*) for the words "the third succeeding previous year next following the previous year in which the land has been prepared", the words, brackets and figure "the previous year in respect of which the deduction is required to be allowed under sub-section (*1*)" shall be substituted;

(*ii*) for the words, brackets and figure "calculated at the rates specified in sub-section (*1*)", the words, brackets and figure "calculated at the rates and in the manner specified in sub-section (*1*)" shall be substituted.

Amendment of section 34.

9. In section 34 of the Income-tax Act, in clause (*a*) of sub-section (*3*), after the proviso, the following proviso shall be inserted, namely:—

'Provided further that where a ship has been acquired after the 28th day of February, 1966, this clause shall have effect in respect of such ship as if for the words "seventy-five", the word "fifty" had been substituted.'

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10. After section 35 of the Income-tax Act, the following section shall be inserted, namely:— Insertion of new section 35A.

'35A. (*1*) In respect of any expenditure of a capital nature incurred after the 28th day of February, 1966, on the acquisition of patent rights or copyrights (hereafter, in this section, referred to as rights) used for the purposes of the business, there shall, subject to and in accordance with the provisions of this section, be allowed for each of the relevant previous years, a deduction equal to the appropriate fraction of the amount of such expenditure. Expenditure on acquisition of patent rights or copyrights.

Explanation.—For the purposes of this section,—

(*i*) "relevant previous years" means the fourteen previous years beginning with the previous year in which such expenditure is incurred or, where such expenditure is incurred before the commencement of the business, the fourteen previous years beginning with the previous year in which the business commenced:

Provided that where the rights commenced, that is to say, became effective, in any year prior to the previous year in which expenditure on the acquisition thereof was incurred by the assessee, this clause shall have effect with the substitution for the reference to fourteen years of a reference to fourteen years less the number of complete years which, when the rights are acquired by the assessee, have elapsed since the commencement thereof, and if fourteen years have elapsed as aforesaid, of a reference to one year;

(*ii*) "appropriate fraction" means the fraction the numerator of which is one and the denominator of which is the number of the relevant previous years.

(*2*) Where the rights come to an end without being subsequently revived or where the whole or any part of the rights is sold and the proceeds of the sale (so far as they consist of capital sums) are not less than the cost of acquisition thereof remaining unallowed, no deduction under sub-section (*1*) shall be allowed in respect of the previous year in which the rights come to an end or, as the case may be, the whole or any part of the rights is sold or in respect of any subsequent previous year.

(*3*) Where the rights either come to an end without being subsequently revived or are sold in their entirety and the proceeds of the sale (so far as they consist of capital sums) are less than the cost of acquisition thereof remaining unallowed, a deduction equal to such cost remaining unallowed or, as the case

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may be, such cost remaining unallowed as reduced by the proceeds of the sale, shall be allowed in respect of the previous year in which the rights come to an end, or, as the case may be, are sold.

(4) Where the whole or any part of the rights is sold and the proceeds of the sale (so far as they consist of capital sums) exceed the amount of the cost of acquisition thereof remaining unallowed, so much of the excess as does not exceed the difference between the cost of acquisition of the rights and the amount of such cost remaining unallowed shall be chargeable to income-tax as income of the business of the previous year in which the whole or any part of the rights is sold.

Explanation.—Where the whole or any part of the rights is sold in a previous year in which the business is no longer in existence, the provisions of this sub-section shall apply as if the business is in existence in that previous year.

(5) Where a part of the rights is sold and sub-section (4) does not apply, the amount of the deduction to be allowed under sub-section (1) shall be arrived at by—

(*a*) subtracting the proceeds of the sale (so far as they consist of capital sums) from the amount of the cost of acquisition of the rights remaining unallowed; and

(*b*) dividing the remainder by the number of relevant previous years which have not expired at the beginning of the previous year during which the rights are sold.'.

Amendment of section 36.

11. In section 36 of the Income-tax Act, in sub-section (1), in clause (*viii*), for the words "an amount not exceeding ten per cent. of the total income carried to such reserve account:", the following shall be substituted, namely:—

"an amount not exceeding—

(*a*) in the case of a financial corporation whose paid-up share capital does not exceed three crores of rupees, twenty-five per cent.,

(*b*) in the case of any other financial corporation, ten per cent.,

of the total income carried to such reserve account:".

Amendment of section 43.

12. In section 43 of the Income-tax Act, to clause (1), the following proviso shall be added, namely:—

"Provided that where the actual cost of an asset, being a motor car acquired by the assessee after the 28th day of February, 1966, exceeds twenty-five thousand rupees, the excess of the actual cost over such amount shall be ignored, and

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the actual cost thereof shall be taken to be twenty-five thousand rupees.".

Amendment of section 45.

13. In section 45 of the Income-tax Act, sub-sections (2), (3) and (4) shall be omitted.

Amendment of section 55.

14. In section 55 of the Income-tax Act, in sub-section (2), clause (*iv*) shall be omitted.

Amendment of Chapter VIA.

15. In Chapter VIA of the Income-tax Act,—

(*a*) below the heading, the following sub-heading shall be inserted, namely:—

"*A.—Deductions in respect of certain payments*";

(*b*) in section 80A, in sub-section (2), in sub-clause (*ii*) of clause (*a*), for the word "; or" occurring at the end, the words "notwithstanding that such contract contains a provision for the exercise by the insured of an option to receive a cash payment in lieu of the payment of the annuity; or" shall be substituted;

(c) after section 80D, the following sub-heading and section shall be inserted, namely:—

"*B.—Other deductions*

Deduction in respect of profits and gains from specified industries in the case of certain companies.

80E. (*1*) In the case of a company to which this section applies, where the total income (as computed in accordance with the other provisions of this Act) includes any profits and gains attributable to the business of generation or distribution of electricity or any other form of power or of construction, manufacture or production of any one or more of the articles or things specified in the list in the Fifth Schedule, there shall be allowed a deduction from such profits and gains of an amount equal to eight per cent. thereof, in computing the total income of the company.

(*2*) This section applies to—

(*a*) an Indian company; or

(*b*) any other company which has made the prescribed arrangements for the declaration and payment of dividends (including dividends on preference shares) within India,

but does not apply to any Indian company referred to in clause (*a*), or to any other company referred to in clause (*b*), if such Indian or other company is a company referred

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to in section 108 and its total income as computed before applying the provisions of sub-section (*1*) does not exceed twenty-five thousand rupees.".

Amendment of section 85A.

16. In section 85A of the Income-tax Act,—

(*a*) in the proviso,—

(*i*) the words "wholly or" shall be omitted;

(*ii*) for the words, figures and brackets "the list in paragraph 2 of the Third Schedule to the Companies (Profits) Surtax Act, 1964", the words "the list in the Fifth Schedule" shall be substituted; 7 of 1964.

(*b*) in the *Explanation*, for the words, figures and brackets "the list in paragraph 2 of the Third Schedule to the Companies (Profits) Surtax Act, 1964", the words "the list in the Fifth Schedule" shall be substituted. 7 of 1964.

Insertion of new sections 85B and 85C.

17. After section 85A of the Income-tax Act, the following sections shall be inserted, namely:—

Deduction of tax on dividends received from certain foreign companies.

"85B. Where shares in a company which is neither an Indian company nor a company which has made the prescribed arrangements for the declaration and payment of dividends within India (hereafter, in this section, referred to as the foreign company) have been allotted to an assessee, being an Indian company, in consideration of any patent, invention, model, design, secret formula or process, or similar property right, or information concerning industrial, commercial or scientific knowledge, experience or skill made available or provided or agreed to be made available or provided to the foreign company by the assessee, or in consideration of technical services rendered or agreed to be rendered to the foreign company by the assessee, under an agreement approved by the Central Government in this behalf before the 1st day of October of the relevant assessment year, and any income by way of dividend on such shares is included in the total income of the assessee, the assessee shall be entitled to a deduction from the income-tax with which it is chargeable on its total income for the assessment year of so much of the amount of income-tax calculated at the average rate of income-tax on the income by way of dividend so included as exceeds the amount of twenty-five per cent. thereof.

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Deduction of tax on royalties, etc., received from certain foreign companies.

85C. Where the total income of an assessee, being an Indian company, includes any income by way of royalty, commission, fees or any similar payment received by it from a company which is neither an Indian company nor a company which has made the prescribed arrangements for the declaration and payment of dividends within India (hereafter, in this section, referred to as the foreign company) in consideration for the use of any patent, invention, model, design, secret formula or process, or similar property right, or information concerning industrial, commercial or scientific knowledge, experience or skill made available or provided or agreed to be made available or provided to the foreign company by the assessee, or in consideration of technical services rendered or agreed to be rendered to the foreign company by the assessee, under an agreement approved by the Central Government in this behalf before the 1st day of October of the relevant assessment year, the assessee shall be entitled to a deduction from the income-tax with which it is chargeable on its total income for the assessment year of so much of the amount of income-tax calculated at the average rate of income-tax on the income so included as exceeds the amount of twenty-five per cent. thereof.".

Amendment of section 36A.

18. In section 86A of the Income-tax Act, for the words "twenty-five", the words "twenty-seven and a half" shall be substituted.

Amendment of section 88.

19. In section 88 of the Income-tax Act, in clause (*a*) of sub-section (*1*), for the words "twenty-five", the words "twenty-seven and a half" shall be substituted.

Amendment of section 104.

20. In section 104 of the Income-tax Act,—

(*a*) in sub-section (*1*),—

(*i*) for the words, brackets and figure—

"on the distributable income as reduced by—

(*i*) the amount of dividends actually distributed, and", the words "on the distributable income as reduced by the amount of dividends actually distributed, if any." shall be substituted;

(*ii*) clause (*ii*) shall be omitted;

(*b*) in sub-section (*4*),—

(*i*) in clause (*a*), for the words "wholly or mainly", the words "mainly in the construction of ships or" shall be substituted;

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(*ii*) after clause (*b*), the following clause shall be inserted, namely:—

"(*c*) a company which is neither an Indian company nor a company which has made the prescribed arrangements for the declaration and payment of dividends within India.";

(*iii*) in the *Explanation*, after the words "consist mainly in", the words "the construction of ships or in" shall be inserted.

Amendment of section 109.

21. In section 109 of the Income-tax Act,—

(*a*) in clause (*i*), after sub-clause (*f*), the following sub-clauses shall be inserted, namely:—

'(*g*) any expenditure actually incurred for the purposes of the business, but not deducted in computing the income chargeable under the head "Profits and gains of business or profession" being—

(*1*) a bonus or gratuity paid to an employee,

(*2*) legal charges,

(*3*) any such expenditure as is referred to in clause (*c*) of section 40,

(*4*) any expenditure claimed as a revenue expenditure but not allowed to be deducted as such and not resulting in the creation of an asset or enhancement in the value of an existing asset;

(*h*) any expenditure wholly and exclusively incurred for the purpose of making or earning any income (other than income chargeable under the head "Profits and gains of business or profession") included in the total income but not allowed to be deducted in computing such income and not resulting in the creation of an asset or enhancement in the value of an existing asset;';

(*b*) for clause (*ii*), the following clause shall be substituted, namely:—

'(*ii*) "investment company" means a company whose total income consists mainly of income which, if it had been the income of an individual, would have been regarded as unearned income.

Explanation.—In this clause, the expression "unearned income" has the meaning assigned to it in the Finance Act of the relevant year;';

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(*c*) in clause (*iia*), the words "wholly or" shall be omitted;

(*d*) for sub-clause (*iii*) (*3*), the following shall be substituted, namely:—

"(*3*) in the case of an Indian company [not being an Indian company which falls under the provisions of clause (*a*) of sub-section (*4*) of section 104], a part only of whose total income consists of profits and gains attributable to the business of construction of ships or of manufacture or processing of goods or of mining or of generation or distribution of electricity or any other form of power—

(*a*) in relation to the profits and gains attributable to such business	*Nil;*
(*b*) in relation to the remaining part of its total income—	
(*1*) if it is a company which satisfies the conditions specified in sub-clause (*4*) (*a*) of this clause	90%;
(*2*) in any other case . . .	60%.

Explanation.—The provisions of this Chapter shall, in relation to the remaining part of the total income aforesaid, apply as if such part were the total income of the company; and, for the purposes of section 104, the amount of dividends actually distributed shall be deemed to be such proportion thereof as the part aforesaid bears to the total income of the company;".

22. In section 112A of the Income-tax Act, the existing *Explanation* shall be re-numbered as *Explanation 1* and after *Explanation 1* as so re-numbered, the following *Explanation* shall be inserted, namely:— Amendment of section 112A.

'*Explanation 2.*—For the purposes of this section and sections 112, 114 and 193, "National Savings Certificates (First Issue)" includes "National Savings Certificates (First Issue)—Bank Series".'.

23. In section 114 of the Income-tax Act, in sub-clause (*ii*) of clause (*b*), the third proviso shall be omitted. Amendment of section 114.

24. In section 115 of the Income-tax Act,— Amendment of section 115.

(*a*) clause (*i*) shall be omitted;

(*b*) in sub-clause (*b*) of clause (*ii*), the brackets, words and figure "[excluding capital gains, if any, referred to in clause (*i*)]" shall be omitted;

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(*c*) in clause (*iii*), for the words, brackets and figures "in clauses (*i*) and (*ii*)", the words, brackets and figures "in clause (*ii*)" shall be substituted.

Amendment of section 193.

25. In section 193 of the Income-tax Act, in the proviso, after clause (*iii*), the following clause shall be inserted, namely:—

"(*iv*) any interest payable on any other security of the Central or State Government, where the security is held by an individual, not being a non-resident, and the holder thereof makes a declaration in writing before the person responsible for paying the interest that—

(*a*) he has not previously been assessed under this Act or under the Indian Income-tax Act, 1922; 11 of 1922.

(*b*) his total income of the previous year in which the interest is due is not likely to exceed the maximum amount not chargeable to tax; and

(*c*) the total nominal value of the securities held by him (including such securities, if any, as are held on his behalf by any other person) did not exceed two thousand five hundred rupees at any time during the said previous year.".

Amendment of section 201.

26. In section 201 of the Income-tax Act,—

(*a*) in sub-section (*1*), in the proviso, for the word "wilfully", the words "without good and sufficient reasons" shall be substituted;

(*b*) after sub-section (*1*), the following sub-section shall be inserted, namely:—

"(*1A*) Without prejudice to the provisions of sub-section (*1*), if any such person, principal officer or company as is referred to in that sub-section does not deduct or after deducting fails to pay the tax as required by or under this Act, he or it shall be liable to pay simple interest at six per cent. per annum on the amount of such tax from the date on which such tax was deductible to the date on which such tax is actually paid.";

(*c*) in sub-section (*2*), for the words "it shall be a charge", the words, brackets, figure and letter "the amount of the tax together with the amount of simple interest thereon referred to in sub-section (*1A*) shall be a charge" shall be substituted.

Amendment of section 235.

27. In section 235 of the Income-tax Act, in sub-clauses (*i*) and (*ii*) of clause (*b*), for the words "twenty-five", the words "twenty-seven and a half" shall be substituted.

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Amendment of section 236A.

28. In section 236A of the Income-tax Act,—

(*a*) in sub-section (*1*), for the words, figures and letters "the 1st day of April, 1964", the words, figures and letters "the 1st day of April, 1966" shall be substituted;

(*b*) for sub-section (*2*), the following sub-section shall be substituted, namely:—

"(*2*) The amount to be given as credit under sub-section (*1*) shall be a sum which bears to the amount of the tax payable by the company under the provisions of the annual Finance Act with reference to the relevant amount of distributions of dividends by it the same proportion as the amount of the dividends (other than dividends on preference shares) received by the institution or fund from the company bears to the total amount of dividends (other than dividends on preference shares) declared or distributed by the company during the previous year.

Explanation.—In sub-section (*2*) of this section and in section 280ZB, the expression "the relevant amount of distributions of dividends" has the meaning assigned to it in the Finance Act of the relevant year.".

of 1922.

Amendment of section 280A.

29. In section 280A of the Income-tax Act, after the existing proviso, the following second proviso and the following *Explanation* shall be added, namely:—

'Provided further that nothing contained in this Chapter shall apply in the case of a person whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1967, or any subsequent year, does not exceed twenty-five thousand rupees, unless such person has, not later than the 30th day of September of the financial year immediately preceding the assessment year, by notice in writing to the Income-tax Officer, declared (such declaration being final for that assessment year and all assessment years thereafter) that the provisions of this Chapter shall apply to him.

Explanation.—In this section and in sections 280E, 280F and 280H, the expression "total income" means the total income computed without making any allowance under section 280O.'.

Amendment of section 280E.

30. In section 280E of the Income-tax Act, the *Explanation* shall be omitted.

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Substitution of new section for section 280Q.

31. For section 280Q of the Income-tax Act, the following section shall be substituted, namely:—

Rounding off.

"280Q. The amount of any deposit to be made under this Chapter shall be rounded off to the nearest multiple of ten rupees and for this purpose any part of a rupee consisting of *paise* shall be ignored and thereafter if such amount is not a multiple of ten, then, if the last figure in that amount is five or more, the amount shall be increased to the next higher amount which is a multiple of ten and if the last figure is less than five, the amount shall be reduced to the next lower amount which is a multiple of ten:

Provided that where the amount so computed is required under any provision of this Chapter to be deposited in two or more equal instalments and the amount of each instalment calculated for this purpose is not a multiple of ten rupees, the amount of each such instalment, other than the last instalment, shall be rounded off to the nearest multiple of ten rupees and the balance shall be the amount of the last instalment.".

Amendment of section 280X.

32. In section 280X of the Income-tax Act, after sub-section (*1*), the following sub-section shall be inserted, namely:—

"(*1A*) Notwithstanding anything contained in sub-section (*1*), a depositor, being an individual who is more than seventy years of age on the last day of the previous year relevant to any assessment year and who has not exercised the option in accordance with the provisions of sub-section (*1*), may, on or before the 30th day of June of the assessment year, by notice in writing to the Income-tax Officer, declare (such declaration being final for that assessment year and all assessment years thereafter) that the provisions of this Chapter shall not apply to him and if he does so, the provisions of this Chapter shall not apply to him for any assessment year in relation to which such option has effect:

Provided that where any such depositor satisfies the Income-tax Officer that he was prevented by sufficient cause from making such declaration on or before the date aforesaid, the Income-tax Officer may, with the previous approval of the Inspecting Assistant Commissioner, allow such depositor to make the declaration at any time after the said date.".

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Amendment of section 280 ZB.

33. In section 280ZB of the Income-tax Act, in *Explanation 2*, for the sentence beginning with the words "The amount of income-tax payable by the company" and ending with the words "during the previous year or any previous year prior to that year.", the following shall be substituted, namely:—

"The amount of income-tax payable by the company for any assessment year shall be computed after making allowance for any relief, rebate or deduction in respect of income-tax to which the company is entitled under the provisions of this Act or the annual Finance Act and after deducting from such amount of income-tax—

(*a*) the amount of additional income-tax, if any, payable by the company under the provisions of section 104; and

(*b*) (*i*) in respect of the assessment year commencing on the 1st day of April, 1965, the amount, if any, by which the rebate of income-tax admissible to the company under the provisions of the Finance Act, 1965, is, under the provisions of the said Act, reduced with reference to the face value of any bonus shares or the amount of any bonus issued by the company to its shareholders during the previous year or any previous year prior to that year or with reference to any amount of dividends declared or distributed by it during the previous year or any previous year prior to that year; or

10 of 1965.

(*ii*) in respect of the assessment year commencing on the 1st day of April, 1966, or any subsequent assessment year, the amount of income-tax, if any, payable by the company under the provisions of the annual Finance Act with reference to the relevant amount of distributions of dividends by it.".

Insertion of new sections 288A and 288B.

34. After section 288 of the Income-tax Act, the following sections shall be inserted, namely:—

Rounding off of income.

'288A. (1) Subject to the provisions of sub-section (2), the amount of total income computed in accordance with the foregoing provisions of this Act shall be rounded off to the nearest multiple of ten rupees and for this purpose any part of a rupee consisting of *paise* shall be ignored and thereafter if such amount is not a multiple of ten, then, if the last figure in that amount is five or more, the amount shall be increased to the next higher amount which is a multiple of ten and if the last figure is less than five, the amount shall be reduced to the next lower amount which is a multiple of ten; and the amount so rounded off shall

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be deemed to be the total income of the assessee for the purposes of this Act.

(2) If the total income of the assessee includes earned income chargeable under any head, the adjustment under sub-section (1) shall, to the extent possible, be made in computing such earned income and, as to the balance, if any, against any other income; and if there is no earned income, the adjustment shall be made in computing any other income under any head.

Explanation.—In this section, the expression "earned income" has the meaning assigned to it in the Finance Act of the relevant year.

Rounding off of tax, etc.

288B. The amount of tax (including tax deductible at source or payable in advance), interest, penalty, fine or any other sum payable, and the amount of refund due, under the provisions of this Act shall be rounded off to the nearest rupee and, for this purpose, where such amount contains a part of a rupee consisting of *paise*, then, if such part is fifty *paise* or more, it shall be increased to one rupee and if such part is less than fifty *paise*, it shall be ignored.'.

Amendment of section 297

35. In section 297 of the Income-tax Act, in clause (*l*) of sub-section (2), after the word and figures "section 60", the words, figures and letter "or section 60A" shall be, and shall be deemed always to have been, inserted.

Amendment of First Schedule.

36. In the First Schedule to the Income-tax Act, in rule 3, in clause (*c*), for the words "twenty-five", the words "twenty-seven and a half" shall be substituted.

Amendment of Fifth Schedule.

37. (1) In the Fifth Schedule to the Income-tax Act,—

(*a*) for the brackets, words, figures and letter "[*See* section 33(*1*)(*iii*)(*c*)]", the following shall be substituted, namely:—

"[*See* sections 33 (*1*) (*iii*) (*c*), 80E and 85A]";

(*b*) in item (*16*), after the word "pulp", the words "including newsprint" shall be inserted;

(*c*) after item (*25*), the following items shall be inserted, namely:—

"(*26*) Tea.

(*27*) Printing machinery.".

(2) For the purposes of sub-section (*1*) of section 33 of the said Act, the amendments made by clauses (*b*) and (*c*) shall have effect in respect of machinery or plant installed after the 31st day of March, 1966.

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CHAPTER IV

OTHER DIRECT TAXES

Amendment of Act 34 of 1953.

38. In the Estate Duty Act, 1953,—

(*a*) in section 9, in sub-section (*1*), for the words "one year", the words "two years" shall be substituted;

(*b*) in section 10, in the proviso, for the words "one year", the words "two years" shall be substituted;

(*c*) in section 11, in sub-section (*2*), for the words "one year", wherever they occur, the words "two years" shall be substituted;

(*d*) in section 12, in the proviso to sub-section (*1*), for the words "one year", the words "two years" shall be substituted;

(*e*) in section 22, for the words "one year", the words "two years" shall be substituted;

(*f*) in section 33, in sub-section (*1*),—

(*i*) in clause (*b*), for the words "one year", the words "two years" shall be substituted;

(*ii*) after clause (*m*), the following clause shall be, and shall be deemed to have been, inserted with effect from the 1st day of April, 1965, namely:—

"(*mm*) property belonging to the deceased who was a member of any police force (including a border security force) and was killed in any action in protecting the border;";

(*g*) in section 34, in clause (*a*) of sub-section (*1*), after the brackets and letter "(*m*)", the brackets and letters "(*mm*)" shall be, and shall be deemed to have been, inserted with effect from the 1st day of April, 1965;

(*h*) in section 46, in sub-section (*2*), for the words "one year", the words "two years" shall be substituted;

(*i*) in the Second Schedule, for Part I, the following Part shall be substituted, namely:—

"PART I

In the case of any property which passes or is deemed to pass on the death of the deceased—

(1) where the principal value of the estate does not exceed Rs. 50,000	*Nil;*
(2) where the principal value of the estate exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	4 per cent. of the amount by which the principal value of the estate exceeds Rs. 50,000;

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(3) where the principal value of the estate exceeds Rs. 1,00,000 but does not exceed Rs. 2,00,000	Rs. 2,000 *plus* 10 per cent. of the amount by which the principal value of the estate exceeds Rs. 1,00,000;
(4) where the principal value of the estate exceeds Rs. 2,00,000 but does not exceed Rs. 3,50,000	Rs. 12,000 *plus* 15 per cent. of the amount by which the principal value of the estate exceeds Rs. 2,00,000;
(5) where the principal value of the estate exceeds Rs. 3,50,000 but does not exceed Rs. 5,00,000	Rs. 34,500 *plus* 25 per cent. of the amount by which the principal value of the estate exceeds Rs. 3,50,000;
(6) where the principal value of the estate exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	Rs. 72,000 *plus* 30 per cent. of the amount by which the principal value of the estate exceeds Rs. 5,00,000;
(7) where the principal value of the estate exceeds Rs. 10,00,000 but does not exceed Rs. 15,00,000	Rs. 2,22,000 *plus* 40 per cent. of the amount by which the principal value of the estate exceeds Rs. 10,00,000;
(8) where the principal value of the estate exceeds Rs. 15,00,000 but does not exceed Rs. 20,00,000	Rs. 4,22,000 *plus* 50 per cent. of the amount by which the principal value of the estate exceeds Rs. 15,00,000;
(9) where the principal value of the estate exceeds Rs. 20,00,000	Rs. 6,72,000 *plus* 85 per cent. of the amount by which the principal value of the estate exceeds Rs. 20,00,000.".

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al pro-
ons.

39. In the case of persons dying on or after the 1st day of April, 1966, but before the 1st day of April, 1967, sections 9, 10, 11, 12, 22, 33 and 46 of the Estate Duty Act, 1953, as amended, respectively, by clauses (*a*), (*b*), (*c*), (*d*) and (*e*), sub-clause (*i*) of clause (*f*) and clause (*h*) of section 38, shall have effect as if references therein to the two years before the death of the deceased were references to the said two years less so much thereof as fell before the 1st day of April, 1965. 34 of 1953.

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40. The Expenditure-tax Act, 1957 is hereby repealed.

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41. In the Gift-tax Act, 1958,—

(*a*) in section 5,—

(*i*) in sub-section (*1*), after clause (*ii*), the following clause shall be inserted, namely:—

'(*iia*) being an individual who is not resident in India, to any person resident in India, of foreign currency or other foreign exchange [as defined, respectively, in clause (*c*) and clause (*d*) of section 2 of the Foreign Exchange Regulation Act, 1947] remitted from a country outside India in accordance with the provisions of the said Act, and any rules made thereunder, during the period commencing on the 26th day of October, 1965 and 7 of 1947.

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ending on the 28th day of February, 1966, or such later date as the Central Government may, by notification in the Official Gazette, specify in this behalf.

Explanation.—For the purposes of this clause, the expression "resident in India" shall have the meaning assigned to it in the Income-tax Act;';

(*ii*) in sub-section (2), for the words "five thousand", the words "ten thousand" shall be substituted;

(*b*) section 6A shall be omitted;

(c) for the Schedule, the following Schedule shall be substituted, namely:—

"THE SCHEDULE

[*See* section 3]

RATES OF GIFT-TAX

(1) Where the value of all taxable gifts does not exceed Rs. 15,000	5 per cent. of the value of such gifts.
(2) Where the value of all taxable gifts exceeds Rs. 15,000 but does not exceed Rs. 40,000	Rs. 750 *plus* 8 per cent. of the amount by which the value of such gifts exceeds Rs. 15,000.
(3) Where the value of all taxable gifts exceeds Rs. 40,000 but does not exceed Rs. 90,000	Rs. 2,750 *plus* 10 per cent. of the amount by which the value of such gifts exceeds Rs. 40,000.
(4) Where the value of all taxable gifts exceeds Rs. 90,000 but does not exceed Rs. 1,40,000	Rs. 7,750 *plus* 15 per cent. of the amount by which the value of such gifts exceeds Rs. 90,000.
(5) Where the value of all taxable gifts exceeds Rs. 1,40,000 but does not exceed Rs. 1,90,000	Rs. 15,250 *plus* 17·5 per cent. of the amount by which the value of such gifts exceeds Rs. 1,40,000.
(6) Where the value of all taxable gifts exceeds Rs. 1,90,000 but does not exceed Rs. 3,40,000	Rs. 24,000 *plus* 20 per cent. of the amount by which the value of such gifts exceeds Rs. 1,90,000.
(7) Where the value of all taxable gifts exceeds Rs. 3,40,000 but does not exceed Rs. 4,90,000	Rs. 54,000 *plus* 25 per cent. of the amount by which the value of such gifts exceeds Rs. 3,40,000.
(8) Where the value of all taxable gifts exceeds Rs. 4,90,000 but does not exceed Rs. 9,90,000	Rs. 91,500 *plus* 30 per cent. of the amount by which the value of such gifts exceeds Rs. 4,90,000.
(9) Where the value of all taxable gifts exceeds Rs. 9,90,000 but does not exceed Rs. 14,90,000	Rs. 2,41,500 *plus* 40 per cent. of the amount by which the value of such gifts exceeds Rs. 9,90,000.
(10) Where the value of all taxable gifts exceeds Rs. 14,90,000	Rs. 4,41,500 *plus* 50 per cent. of the amount by which the value of such gifts exceeds Rs. 14,90,000.".

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epeal of ct 14 of 963.

42. The Super Profits Tax Act, 1963 is hereby repealed.

mend- ent of ct 7 of 964.

43. In the Companies (Profits) Surtax Act, 1964,—

(*a*) in the First Schedule, in clause (*i*) of rule 2,—

(*i*) for sub-clause (*b*), the following sub-clause shall be substituted, namely:—

'(*b*) the amount of income-tax, if any, payable by the company under the provisions of the annual Finance Act with reference to the relevant amount of distributions of dividends by it.

Explanation.—In this sub-clause, the expression "the relevant amount of distributions of dividends" has the meaning assigned to it in the Finance Act of the relevant year;';

(*ii*) after sub-clause (*b*), the following sub-clause shall be, and shall be deemed always to have been, inserted, namely:—

'(*c*) the amount of income-tax, if any, payable by the company under section 104 of the Income-tax Act.

Explanation.—In relation to the assessment year commencing on the 1st day of April, 1964, the reference in this sub-clause to "income-tax" shall be construed as a reference to "super-tax";';

(*b*) in the Third Schedule,—

(*i*) in Paragraph 1,—

(*1*) for the figures and words "40 per cent.", the figures and words "35 per cent." shall be substituted;

(*2*) the first and second provisos shall be omitted;

(*3*) in the third proviso,—

(*A*) for the words "Provided further", the word "Provided" shall be substituted;

(*B*) in clause (*a*), the words "after deducting from such amount of income-tax the amount, if any, by which the rebate of income-tax admissible to the company under the provisions of the annual Finance Act is, under the provisions of the said Act, reduced with reference to the face value of any bonus shares or the amount of any bonus issued by the company

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to its shareholders during the previous year or any previous year prior to that year" shall be omitted;

(*ii*) Paragraph 2 shall be omitted.

CHAPTER V

INDIRECT TAXES

Special duties of customs

44. (*1*) In the case of goods chargeable with a duty of customs which is specified in the First Schedule to the Indian Tariff Act, 1934 (hereinafter referred to as the Tariff Act), or in that Schedule as amended by a subsequent Central Act, if any, or in that Schedule read with any notification of the Central Government for the time being in force, there shall be levied and collected as an addition to, and in the same manner as, the total amount so chargeable, a special duty of customs equal to 10 per cent. of such amount:

32 of 1934.

Provided that in computing the total amount so chargeable, any duty chargeable under section 2A of the Tariff Act or section 45 of this Act shall not be included.

(*2*) Sub-section (*1*) shall cease to have effect after the 31st day of May, 1967 except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897 shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

10 of 1897.

Regulatory duties of customs.

45. (*1*) With a view to regulating or bringing greater economy in imports, there shall be levied and collected, with effect from such date, and at such rate, as may be specified in this behalf by the Central Government by notification in the Official Gazette, on all or any of the goods mentioned in the First Schedule to the Tariff Act or in that Schedule as amended by a subsequent Central Act, if any, a regulatory duty of customs not exceeding—

(*a*) 25 per cent. of the rate, if any, specified in the said First Schedule read with any notification issued under section 3A or sub-section (*1*) of section 4 of the Tariff Act; or

(*b*) 10 per cent. of the value of the goods as determined in accordance with the provisions of section 14 of the Customs Act, 1962,

52 of 1962.

whichever is higher:

Provided that different dates and different rates may be specified by the Central Government for different kinds of goods.

(*2*) Sub-section (*1*) shall cease to have effect after the 15th day of July, 1967, except as respects things done or omitted to be done

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before such cesser; and section 6 of the General Clauses Act, 1897 shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act. 10 of 1897

(3) The regulatory duty of customs leviable under this section in respect of any goods referred to in sub-section (1) shall be in addition to any other duty of customs chargeable on such goods under the Customs Act, 1962. 52 of 1962.

(4) The provisions of the Customs Act, 1962 and the rules and regulations made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the regulatory duty of customs leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of customs on such goods under that Act or those rules and regulations. 52 of 1962.

(5) Every notification issued under sub-section (1) shall, as soon as may be after it is issued, be placed before each House of Parliament.

Amendment of Act 1 of 1949.

46. In the Indian Tariff (Amendment) Act, 1949, in sections 4 and 5, for the figures "1966", the figures "1967" shall be substituted.

Amendment of Act 1 of 1944.

47. In the Central Excises and Salt Act, 1944 (hereinafter referred to as the Central Excises Act), in the First Schedule,—

(a) in Item No. 1, for the entries in the third column against sub-items (1) and (2), the entries "Thirty rupees and fifty paise per quintal." and "Fifteen rupees per quintal." shall, respectively, be substituted;

(b) in Item No. 4,—

(1) under *"I. Unmanufactured tobacco—"*, for the entries in the third column against sub-items (1), (2) and (4), the entries "Three rupees and twenty paise.", "Twenty-five rupees." and "Two rupees and sixty paise." shall, respectively, be substituted;

(2) under *"II. Manufactured tobacco—"*, for the entries in the third column against sub-items (1) (*i*), (1) (*ii*), (1) (*iii*) and (1) (*iv*), the entries "Twenty rupees.", "Twelve rupees.", "Four rupees." and "One rupee." shall, respectively, be substituted;

(c) in Item No. 9, for the entry in the third column, the entry "One hundred and ninety-five rupees per metric tonne." shall be substituted;

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(*d*) after Item No. 14D, the following Item shall be inserted, namely:—

"14DD.	SYNTHETIC ORGANIC PRODUCTS OF A KIND USED AS ORGANIC LUMINOPHORES; PRODUCTS OF THE KIND KNOWN AS OPTICAL BLEACHING AGENTS, SUBSTANTIVE TO THE FIBRE.	Fifteen per cent. *ad valorem*.";

(*e*) in Item No. 14H, for the entry in the third column against sub-item (*iv*), the entry "One rupee per kilogram." shall be substituted;

(*f*) after Item No. 15A, the following Item shall be inserted, namely:—

"15AA.	ORGANIC SURFACE-ACTIVE AGENTS (OTHER THAN SOAP); SURFACE-ACTIVE PREPARATIONS AND WASHING PREPARATIONS, WHETHER OR NOT CONTAINING SOAP.	Ten per cent. *ad valorem*.";

(*g*) in Item No. 18, for the entry in the third column, the entry "Twelve rupees per kilogram." shall be substituted;

(*h*) in Item No. 18A, for the entries in the third column against sub-items (1) and (2), the entries "One rupee and fifty paise per kilogram." and "Sixty paise per kilogram." shall, respectively, be substituted;

(*i*) in Item No. 19,—

(*1*) for the entry in the third column against each of the sub-items (1), (2) and (5), the entry "Eighty paise per square metre." shall be substituted;

(*2*) for the entry in the third column against each of the sub-items (3) and (4), the entry "Sixty paise per square metre." shall be substituted;

(*j*) in Item No. 26AA,—

(*1*) the word "flats" occurring in the entry in the second column against sub-item (*ia*) shall be omitted;

(2) for the words "Skelp and strips" occurring in the entry in the second column against sub-item (*iii*), the words "Flats, skelp and strips" shall be substituted;

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(3) for the entry in the third column against sub-item (iv), the entry "Fifteen per cent. *ad valorem* plus the excise duty for the time being leviable on pig iron or steel ingots, as the case may be." shall be substituted;

(k) in Item No. 33B,—

(1) for the entry in the second column against sub-item (i), the following entry shall be substituted, namely:—

"Insulated wires and cables of copper, aluminium or other metals and alloys, whether sheathed or unsheathed, the conductor of any core of which, not being one specially designed as a pilot core, has a sectional area not exceeding 1·5 square millimetres in the case of copper, or not exceeding 2·5 square millimetres in the case of aluminium or of not more than equivalent conductivity as of copper in the case of other metals and alloys.";

(2) the following *Explanation* shall be inserted at the end, namely:—

'*Explanation.*—The expression "Electric wires and cables, all sorts" used in this Item shall not include square or rectangular conductors, whether insulated or not.'.

48. (1) When goods of the description mentioned in this section chargeable with a duty of excise under the Central Excises Act (as amended by this Act or any subsequent Central Act) read with any notification for the time being in force issued by the Central Government in relation to the duty so chargeable, are assessed to duty, there shall be levied and collected—

(a) as respects goods comprised in Items Nos. 6, 8, 9, 14D, 22A, 23A except sub-item (1) thereof, 23B, 28, 29, sub-items (2) and (3) of Item No. 31 and Item No. 32 of the First Schedule to the Central Excises Act, a special duty of excise equal to 10 per cent. of the total amount so chargeable on such goods;

(b) as respects goods comprised in Items Nos. 2, 3(1), sub-items I, II(2) and II(3) of Item No. 4, Items Nos. 13, 14, 14F, 15, 15A, 15B, 16, 16A, 17, 18A(2), 21, 22, 23, 23A(1), 27, 30, 31(1), 33, sub-items (1), (3a) and (4) of Item No. 34 and Item No. 37 of that Schedule, a special duty of excise equal to 20 per cent. of the total amount so chargeable on such goods; and

(c) as respects goods comprised in Items Nos. 4 II(1), 18, 18A(1), 18B, 20, 29A, 33A, sub-items (2) and (3) of Item No. 34

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and radiograms comprised in Item No. 37A of that Schedule, a special duty of excise equal to 33⅓ per cent. of the total amount so chargeable on such goods.

(2) Sub-section (1) shall cease to have effect after the 31st day of May, 1967, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897 shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

10 of 1897.

(3) The duties of excise referred to in sub-section (1) in respect of the goods specified therein shall be in addition to the duties of excise chargeable on such goods under the Central Excises Act or any other law for the time being in force and such special duties shall be levied for purposes of the Union and the proceeds thereof shall not be distributed among the States.

(4) The provisions of the Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the duties of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules.

Regulatory duties of excise.

49. (1) With a view to regulating or bringing greater economy in consumption, there shall be levied and collected, with effect from such date, and at such rate, as may be specified in this behalf by the Central Government by notification in the Official Gazette, on all or any of the goods mentioned in the First Schedule to the Central Excises Act as amended by this Act or any subsequent Central Act, a regulatory duty of excise which shall not exceed 15 per cent. of the value of the goods as determined in accordance with the provisions of section 4 of the Central Excises Act:

Provided that different dates and different rates may be specified by the Central Government for different kinds of goods.

(2) Sub-section (1) shall cease to have effect after the 15th day of July, 1967, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897 shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

10 of 1897.

(3) The duties of excise referred to in sub-section (1) in respect of the goods specified therein shall be in addition to the duties of excise chargeable on such goods under the Central Excises Act or any other law for the time being in force and such regulatory duties

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shall be levied for purposes of the Union and the proceeds thereof shall not be distributed among the States.

(4) The provisions of the Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the regulatory duties of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules.

(5) Every notification issued under sub-section (1) shall, as soon as may be after it is issued, be placed before each House of Parliament.

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lt duty.

50. For the year beginning on the 1st day of April, 1966, no duty under the Central Excises Act, or the Tariff Act shall be levied in respect of salt manufactured in, or imported into, India.

CHAPTER VI

MISCELLANEOUS

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56.

51. (1) In the Central Sales Tax Act, 1956,—

(a) in section 8, in sub-section (1) and in sub-section (2A), for the words "two per cent.", wherever they occur, the words "three per cent." shall be substituted;

(b) in section 15, in clause (a), for the words "two per cent.", the words "three per cent." shall be substituted.

(2) The amendments by sub-section (1) made in the Central Sales Tax Act, 1956 shall take effect on and from the 1st day of July, 1966.

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60.

52. In section 4A of the Preference Shares (Regulation of Dividends) Act, 1960, for the words "such deduction shall in no case exceed twenty-five per cent. of the stipulated dividend.", the following words, figures, letters and brackets shall be substituted, namely:—

"such deduction made by the company from any dividend declared after the 28th day of February, 1966 shall in no case exceed twenty-seven and a half per cent. of the aggregate of—

(i) the stipulated dividend, and

(ii) an amount equal to eleven per cent. of the stipulated dividend as specified in sub-section (3) of section 3.",

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Amendment of Act 52 of 1963.

53. In section 32 of the Unit Trust of India Act, 1963, in sub-section (*1*), for clause (*b*) and the *Explanation*, the following clause and *Explanation* shall be substituted, namely:—

'(*b*) where in the case of a unit-holder, being an individual, the income in respect of units received by him from the Trust during the previous year does not exceed one thousand rupees, such income, and where such income exceeds one thousand rupees, a sum of one thousand rupees, shall not be included in computing his total income of that year under the Income-tax Act, 1961.

43 of 1961.

Explanation.—In this clause, "previous year" has the same meaning as in the Income-tax Act, 1961;'.

43 of 1961.

Declaration under the Provisional Collection of Taxes Act, 1931

It is hereby declared that it is expedient in the public interest that the provisions of clauses 44, 46, 47 and 48 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931.

16 of 1931.

THE FIRST SCHEDULE

(*See* section 2)

PART I

Income-tax and surcharges on income-tax

Paragraph A

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals,

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whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 5,000	5 per cent. of the total income;
(2) where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000	Rs. 250 *plus* 10 per cent. of the amount by which the total income exceeds Rs. 5,000;
(3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000	Rs. 750 *plus* 15 per cent. of the amount by which the total income exceeds Rs. 10,000;
(4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,500 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 15,000;
(5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 2,500 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 20,000;
(6) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 4,000 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 25,000;
(7) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 6,000 *plus* 50 per cent. of the amount by which the total income exceeds Rs. 30,000;
(8) where the total income exceeds Rs. 50,000 but does not exceed Rs. 70,000	Rs. 16,000 *plus* 60 per cent. of the amount by which the total income exceeds Rs. 50,000;
(9) where the total income exceeds Rs. 70,000	Rs. 28,000 *plus* 65 per cent. of the amount by which the total income exceeds Rs. 70,000 :

Provided that for the purposes of this Paragraph, in the case of a person, not being a non-resident—

(*i*) no income-tax shall be payable on a total income not exceeding the following limit, namely:—

(*a*) Rs. 6,500 in the case of every Hindu undivided family which as at the end of the previous year satisfies either of the following two conditions, namely:—

(*1*) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or

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(2) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living member of the family;

(b) Rs. 3,500 in every other case;

(*ii*) where such person is an individual or a Hindu undivided family, the income-tax computed at the rate hereinbefore specified shall be reduced by so much of the amount specified hereunder, as does not exceed the amount of income-tax so computed:—

(a) Rs. 125	in the case of an unmarried individual;
(b) Rs. 200	in the case of a married individual who has no child mainly dependent on him or a Hindu undivided family which has no minor coparcener;
(c) Rs. 220	in the case of a married individual who has one child mainly dependent on him or a Hindu undivided family which has one minor coparcener mainly supported from the income of such family;
(d) Rs. 240	in the case of a married individual who has more than one child mainly dependent on him or a Hindu undivided family which has more than one minor coparcener mainly supported from the income of such family;

(*iii*) where the total income is twenty thousand rupees or less, the income-tax payable shall not exceed forty per cent. of the amount by which the total income exceeds the limit specified in sub-clause (*a*) or, as the case may be, sub-clause (*b*) of clause (*i*) of this proviso.

Surcharges on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by the aggregate of surcharge for purposes of the Union calculated as specified.

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hereunder:—

(*a*) where—

(*i*) in the case of an individual or a Hindu undivided family, the amount of unearned income, not being income by way of interest on any security of the Central or State Government or income received in respect of units from the Unit Trust of India, established under the Unit Trust of India Act, 1963, included in the total income, or 52 of 1963.

(*ii*) in any other case, the amount of unearned income included in the total income,

exceeds Rs. 15,000,

a surcharge calculated on the difference between the amount of income-tax computed in respect of the income referred to in sub-clause (*i*) or, as the case may be, sub-clause (*ii*), if such income had been the total income and the amount of income-tax computed in respect of an income of Rs. 15,000 if it had been the total income, at the following rate, namely:—

(1) where the amount of the difference does not exceed Rs. 14,500	20 per cent. of the amount of such difference;
(2) where the amount of the difference exceeds Rs. 14,500	Rs. 2,900 *plus* 25 per cent. of the amount by which the difference aforesaid exceeds Rs. 14,500;

(*b*) where—

(*i*) in the case of an individual or a Hindu undivided family, the earned income and income by way of interest on any security of the Central or State Government and income received in respect of units from the Unit Trust of India, established under the Unit Trust of India Act, 1963, included in the total income, or 52 of 1963

(*ii*) in any other case, the earned income included in the total income,

exceeds Rs. 1 lakh,

a surcharge calculated on the amount of the difference between the income-tax computed in respect of the income referred to in sub-clause (*i*) or, as the case may be, sub-clause (*ii*), if such income had been the total income and the income-tax computed in respect of a total income of Rs. 1 lakh, at the following rate, namely:—

(1) where the amount of the difference does not exceed Rs. 65,000	5 per cent. of the amount of such difference;
(2) where the amount of the difference exceeds Rs. 65,000 but does not exceed Rs. 1,30,000	Rs. 3,250 plus 10 per cent. of the amount by which the difference aforesaid exceeds Rs. 65,000;

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(3) where the amount of the difference exceeds Rs. 1,30,000	Rs. 9,750 *plus* 15 per cent. of the amount by which the difference aforesaid exceeds Rs. 1,30,000; and

(*c*) a special surcharge calculated at the rate of ten per cent. on the aggregate of the following amounts, namely:—

(*i*) the amount of income-tax computed in accordance with the preceding provisions of this Paragraph; and

(*ii*) the aggregate of the amounts of the surcharges calculated in accordance with clause (*a*) and clause (*b*) of this sub-paragraph.

of 1963.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(1) where the total income does not exceed Rs. 5,000	5 per cent. of the total income;
(2) where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000	Rs. 250 *plus* 10 per cent. of the amount by which the total income exceeds Rs. 5,000;
(3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000	Rs. 750 *plus* 15 per cent. of the amount by which the total income exceeds Rs. 10,000;
(4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,500 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 15,000;
(5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 2,500 *plus* 25 per cent. of the amount by which the total income exceeds Rs. 20,000;
(6) where the total income exceeds Rs. 25,000	Rs. 3,750 *plus* 41 per cent. of the amount by which the total income exceeds Rs. 25,000:

of 1963

Provided that—

(*i*) no income-tax shall be payable on a total income not exceeding Rs. 3,500; and

(*ii*) where the total income is twenty thousand rupees or less, the income-tax payable shall not exceed forty per cent. of the amount by which the total income exceeds Rs. 3,500.

Surcharges on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges for purposes of the Union calculated as specified hereunder:—

(*a*) where the total income exceeds Rs. 25,000, a surcharge calculated at the rate of 6¼ per cent. of the amount of the difference between the income-tax computed at the rates hereinbefore specified and the income-tax computed in respect of a total income of Rs. 25,000; and

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(*b*) a special surcharge calculated at the rate of ten per cent. on the aggregate of the following amounts, namely:—

(*i*) the amount of income-tax computed at the rate hereinbefore specified; and

(*ii*) the amount of the surcharge calculated in accordance with clause (*a*) of this sub-paragraph.

Paragraph C

In the case of every registered firm,—

Rates of income-tax

(1) where the total income does not exceed Rs. 25,000	*Nil;*
(2) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000	6 per cent. of the amount by which the total income exceeds Rs. 25,000;
(3) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 1,500 *plus* 8 per cent. of the amount by which the total income exceeds Rs. 50,000;
(4) where the total income exceeds Rs. 1,00,000	Rs. 5,500 *plus* 12 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharges on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges for purposes of the Union calculated as specified hereunder:—

(*a*) in the case of a registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income, a surcharge calculated at the rate of ten per cent. of the amount of income-tax computed at the rate hereinbefore specified;

(*b*) in the case of any other registered firm, a surcharge calculated at the rate of twenty per cent. of the amount of income-tax computed at the rate hereinbefore specified; and

(*c*) a special surcharge calculated at the rate of ten per cent. on the aggregate of the following amounts, namely:—

(*i*) the amount of income-tax computed at the rate hereinbefore specified; and

(*ii*) the amount of the surcharge calculated in accordance with clause (*a*), or, as the case may be, clause (*b*) of this sub-paragraph.

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Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income .. 45 per cent.

Surcharges on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges for purposes of the Union calculated as specified hereunder:—

(*a*) a surcharge calculated at the rate of ten per cent. of the amount of income-tax computed at the rate hereinbefore specified; and

(*b*) a special surcharge calculated at the rate of ten per cent. on the aggregate of the following amounts, namely:—

(*i*) the amount of income-tax computed at the rate hereinbefore specified; and

(*ii*) the amount of the surcharge calculated in accordance with clause (*a*) of this sub-paragraph.

Paragraph E

In the case of the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,— 31 of 1956.

Rates of income-tax

(i) on that part of its total income which consists of profits and gains from life insurance business	52·5 per cent;
(ii) on the balance, if any, of the total income	the rate of income-tax applicable, in accordance with Paragraph F of this Part, to the total income of a domestic company which is a company in which the public are substantially interested.

Paragraph F

In the case of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,— 31 of 1956.

Rates of income-tax

I. In the case of a domestic company—

(A) (1) where the company is a company in which the public are substantially interested,—		
	(i) in a case where the total income does not exceed Rs. 25,000	45 per cent. of the total income;

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(*ii*) in a case where the total income exceeds Rs. 25,000	55 per cent. of the total income;
(2) where the company is not a company in which the public are substantially interested,—	
(*i*) in the case of an industrial company—	
(*1*) on so much of the total income as does not exceed Rs. 10,00,000	55 per cent.;
(*2*) on the balance, if any, of the total income	65 per cent.;
(*ii*) in any other case	65 per cent. of the total income; and
(B) in addition, where the company is—	
(*i*) a company in which the public are substantially interested, or	
(*ii*) a company as is referred to in clause (*iii*) of sub-section (*2*) or clause (*a*) or clause (*b*) of sub-section (4) of section 104 of the Income-tax Act, or	
(*iii*) such a company as is exempt from the operation of section 104 of the said Act by a notification issued under the provisions of sub-section (*3*) of that section,—	
on so much of the total income as does not exceed the relevant amount of distributions of dividends by the company.	7·5 per cent.

Provided that the income-tax payable by a domestic company, being a company in which the public are substantially interested, the total income of which exceeds Rs. 25,000, shall not exceed the aggregate of—

(*a*) the income-tax which would have been payable by the company if its total income had been Rs. 25,000 (the income of Rs. 25,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(*b*) 80 per cent. of the amount by which its total income exceeds Rs. 25,000.

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Explanation 1.—In clause (B), the expression "the relevant amount of distributions of dividends" means the aggregate of the following amounts, namely:—

(*a*) the amount of dividends, other than dividends on preference shares, declared or distributed by the company during the previous year relevant to the assessment year commencing on the 1st day of April, 1964, or the 1st day of April, 1965, with reference to which the amount of the rebate arrived at under the first proviso to Paragraph D of Part II of the First Schedule to the Finance Act, 1964 or, as the case may be, the first proviso to Paragraph F of Part I of the First Schedule to the Finance Act, 1965 is required to be reduced under the second proviso to the said Paragraph D or, as the case may be, the second proviso to the said Paragraph F, *as diminished by* so much of the amount of dividends aforesaid with reference to which the rebate referred to hereinabove is reduced under the second proviso to the said Paragraph D or the second proviso to the said Paragraph F; and

5 of 1964.

10 of 1965.

(*b*) so much of the amount of the dividends, other than dividends on preference shares, declared or distributed by the company during the previous year as exceeds ten per cent. of its paid-up equity share capital as on the 1st day of the previous year.

Explanation 2.—For the purposes of clause (B), where a part of the income of a company is not included in its total income because it is agricultural income, the amount declared or distributed as dividends (other than dividends on preference shares) shall be deemed to be such proportion thereof as the sum specified in clause (*a*) bears to the sum specified in clause (*b*), such sums being—

(*a*) the average amount of the total income of the company of the five previous years in which it has been in receipt of taxable income immediately preceding the relevant previous year; and

(*b*) the average amount of the total profits and gains (excluding capital receipts) of the company of the five previous years referred to in clause (*a*) reduced by such allowances as may be admissible under the Income-tax Act but which have not been taken into account by the company in its profit and loss accounts for the said five previous years.

Explanation 3.—For the removal of doubts, it is hereby declared that where any dividends were declared by the company before the commencement of the previous year and are distributed by it during

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that year, the amount of such dividends shall not be included in the amount of dividends referred to in clause (*b*) of *Explanation 1.*

II. In the case of a company other than a domestic company:—

(i) on so much of the total income as consists of—

(*a*) royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961, or

(*b*) fees for rendering technical services received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964,

and where such agreement has, in either case, been approved by the Central Government — 50 per cent.;

(ii) on the balance, if any, of the total income — 70 per cent.

PART II

Rates for deduction of tax at source in certain cases

In every case in which under the provisions of sections 193 to 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to deduction, at the following rates:—

	Income-tax	
	Rate of income-tax	Rate of surcharge
1. In the case of a person other than a company—		
(*a*) where the person is resident, on the whole income (excluding interest payable on a tax free security)	18 per cent.	4 per cent.;
(*b*) where the person is not resident in India—		
(*i*) on the whole income (excluding interest payable on a tax free security)	income-tax at 25 per cent. and surcharge at 8 per cent. of the amount of the income *or* income-tax and surcharges on income-tax in respect of the income at the rates prescribed in Paragraph A of Part I of this Schedule, if such income had been the total income, whichever is higher;	
(*ii*) on the income by way of interest payable on a tax free security	12·5 per cent.	4 per cent.

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	Income-tax	
	Rate of income-tax	Rate of surcharge
2. In the case of a company—		
(*a*) where the company is a domestic company, on the whole income (excluding interest payable on a tax free security)	22 per cent.	*Nil*
(*b*) where the company is not a domestic company—		
(*i*) on the income by way of dividends payable by an Indian company as is referred to in the proviso to section 85A of the Income-tax Act	15 per cent.	*Nil*
(*ii*) on the income by way of dividends payable by any domestic company other than a company referred to in (*i*) hereinabove	25 per cent.	*Nil*
(*iii*) on the income by way of royalties payable by an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961, and which has been approved by the Central Government	50 per cent.	*Nil*
(*iv*) on the income by way of fees payable by an Indian concern for rendering technical services in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964, and which has been approved by the Central Government	50 per cent.	*Nil*
(*v*) on the income by way of interest payable on a tax free security	44 per cent.	*Nil*
(*vi*) on any other income	70 per cent.	*Nil*

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THE SECOND SCHEDULE

(*See* section 3)

Rates of annuity deposits

(*i*) In the case of any depositor whose total income does not exceed Rs. 15,000	*Nil.*
(*ii*) In the case of any depositor whose total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	5 per cent. of the adjusted total income:

Provided that the annuity deposit to be made shall in no case exceed half the amount by which the total income exceeds Rs. 15,000.

(*iii*) In the case of a depositor whose total income exceeds Rs. 20,000 but does not exceed Rs. 40,000	7½ per cent. of the adjusted total income:

Provided that the annuity deposit to be made shall in no case exceed the aggregate of the following sums, namely:—

(*a*) an amount calculated at five per cent. on so much of the adjusted total income as does not exceed Rs. 20,000;

(*b*) one-half of the amount by which the total income exceeds Rs. 20,000.

(*iv*) In the case of a depositor whose total income exceeds Rs. 40,000 but does not exceed Rs. 70,000	10 per cent. of the adjusted total income:

Provided that the annuity deposit to be made shall in no case exceed the aggregate of the following sums, namely:—

(*a*) an amount calculated at seven and a half per cent. on so much of the adjusted total income as does not exceed Rs. 40,000;

(*b*) one-half of the amount by which the total income exceeds Rs. 40,000.

(*v*) In the case of a depositor whose total income exceeds Rs. 70,000	12½ per cent. of the adjusted total income:

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Provided that the annuity deposit to be made shall in no case exceed the aggregate of the following sums, namely:—

(*a*) an amount calculated at ten per cent. on so much of the adjusted total income as does not exceed Rs. 70,000;

(*b*) one-half of the amount by which the total income exceeds Rs. 70,000.

Explanation.—In this Schedule, "total income" means total income computed in the manner laid down in the Income-tax Act without making any allowance under section 280O of that Act.

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STATEMENT OF OBJECTS AND REASONS

The object of this Bill is to give effect to the financial proposals of the Central Government for the financial year 1966-67 and to provide for certain connected matters. Opportunity has been taken to simplify and rationalise the provisions of the Income-tax Act and other enactments with respect to direct taxes. The notes on clauses explain the various provisions contained in the Bill.

NEW DELHI;
The 28th February, 1966.

SACHINDRA CHAUDHURI.

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Notes on clauses

Clause 2 prescribes the rates of income-tax and, in the case of non-corporate assessees, the rates of surcharges on income-tax, for the assessment year 1966-67 in respect of income other than capital gains. It also prescribes the rates at which income-tax and surcharge on income-tax are to be deducted at source from interest on securities, dividends and other income during the financial year 1966-67.

In the rate schedules of income-tax for individuals, Hindu undivided families, unregistered firms and associations of persons, etc., co-operative societies and registered firms, the income slabs and the rates of income-tax are the same as in the corresponding rate schedules in the Finance Act, 1965. In the case of local authorities too, the rate of income-tax is the same as prescribed in the said Act.

The existing limits of total income not chargeable to income-tax have, however, been increased, from Rs. 6,000 to Rs. 6,500, in the case of Hindu undivided families satisfying certain conditions, and from Rs. 3,000 to Rs. 3,500 in the case of others. Further, in the case of resident individuals and Hindu undivided families, the amount of tax relief (which is calculated at the rate of 5 per cent. on certain amounts of personal allowances) has been increased by Rs. 25 in each case, as compared to the tax relief available under the Finance Act, 1965.

The rates of surcharges on the tax on earned and unearned incomes, as well as the surcharges on the tax payable by registered firms and local authorities, are the same as in the Finance Act, 1965. However, the Bill provides for the levy of a *special surcharge* for purposes of the Union at the rate of 10 per cent. of the aggregate amount of the income-tax and the above-mentioned surcharges.

In the case of the Life Insurance Corporation of India, the rate of income-tax on its profits and gains from life insurance business has been increased by 5 per cent., *i.e.* from 47·5 per cent. under the Finance Act, 1965, to 52·5 per cent. The rate of income-tax applicable to the other income of the Life Insurance Corporation of India will be the same as the rate of income-tax applicable to the total income of a domestic company in which the public are substantially interested.

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In the case of companies, the rate schedule and the tax mechanics have been completely recast and simplified. Under the Finance Act, 1965, the effective rate of income-tax was arrived at by first calculating the tax on the total income of the company at the gross rate of 80 per cent., then computing the amount of rebates of income-tax admissible to the company at various rates applicable to different classes of companies and to different kinds of income included in the total income, and thereafter, in the case of certain domestic companies, by reducing the amount of the rebate so computed by the sum calculated at the specified rates on the amount of bonus issues of the company or the amount of dividends declared or distributed by it on its equity capital, and, finally, by deducting the net amount of rebate so arrived at, from the amount of gross tax calculated in the first instance. Under the proposed rate schedule, the actual rates of income-tax in the case of various classes of companies have been set out directly, without any provision for rebates or reduction in rebate. The rates of income-tax for various classes of companies have, however, been increased by 5 per cent. of the total income, in each case, over the corresponding rates in force for the assessment year 1965-66, except in the case of domestic companies in which the public are substantially interested with total income not exceeding Rs. 25,000. In the case of the last-mentioned class of companies, the rate of income-tax has been increased from 42·5 per cent. under the Finance Act, 1965 by 2·5 per cent., to 45 per cent. The rate of income-tax on royalties and technical service fees received by foreign companies under certain approved agreements, however, remains unchanged, at 50 per cent. In the case of domestic companies (*i.e.*, Indian companies and foreign companies which have made the prescribed arrangements for declaration and payment of dividends within India), other than companies which are required under section 104 of the Income-tax Act to distribute a specified percentage of their distributable income by way of dividends, it is proposed to levy income-tax at the existing rate of 7·5 per cent. of the amount of equity dividends declared or distributed during the previous year, only on that portion of the distribution which exceeds 10 per cent. of the paid-up equity capital as on the first day of the previous year. Under the Finance Act, 1965, such tax was leviable on the whole of the equity dividends declared or distributed during the previous year, except in the case of a company which had declared its maiden dividend during the relevant previous year or any one of the four immediately preceding previous years.

The Bill does not make any provision for the levy of an extra amount of tax on companies with reference to the amount of bonus

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shares or the amount of any bonus issued by them to their equity shareholders during the previous year.

The provisions of the Finance Act, 1965, whereunder certain domestic companies were entitled to a rebate of income-tax in respect of their profits and gains attributable to the business of generation or distribution of electricity or any other form of power or of construction, manufacture or production of any one or more of the specified articles or things, have been replaced by a new provision proposed to be introduced in the Income-tax Act by clause 15 of the Bill, for a straight deduction of 8 per cent. of the amount of such profits and gains in computing the total income.

The basis and quantum of tax rebates in relation to exports for the assessment year 1966-67 are the same as for the assessment year 1965-66.

Clause 3 prescribes the rates at which annuity deposits in respect of the assessment year 1966-67 and advance annuity deposits for the financial year 1966-67 will be required to be made by individuals, Hindu undivided families, unregistered firms, associations of persons, etc., under the provisions of Chapter XXIIA of the Income-tax Act. These rates are the same as under the Finance Act, 1965.

Clause 4(a) seeks to amend clause *(18)* of section 2 of the Income-tax Act. The amendment sought to be made by sub-clause *(a)(i)* is purely of a drafting nature. Under the amendment sought to be made by sub-clause *(a)(ii)*, the conditions specified in section 2*(18)(b)* of the Income-tax Act for qualifying as a company in which the public are substantially interested will be relaxed in the case of an Indian company whose business consists *mainly* in the construction of ships or in the manufacture or processing of goods or in mining or in the generation or distribution of electricity or any other form of power. Hitherto, this relaxation was allowed only in the case of an Indian company *wholly* engaged in manufacture or processing of goods or in mining or in the generation or distribution of electricity or any other form of power.

Clause 4(b) seeks to amend clause *(22)* of section 2 of the Income-tax Act. This amendment is consequential to the amendment proposed to be made in section 45 of the Income-tax Act by clause 13 of the Bill.

Clause 4(c) seeks to amend clause *(42A)* of section 2 of the Income-tax Act. The effect of the amendment will be that capital gains arising from the transfer of a bank certificate obtained by a person from an authorised dealer in foreign exchange in evidence of remittance of money to India from abroad in accordance with the

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Foreign Exchange Regulation Act, 1947, or the rules made thereunder during the period from the 26th October, 1965 to the 28th February, 1966 (or such extended period as may be notified by the Central Government) will, in no circumstances, be treated as capital gains arising from the transfer of a short-term capital asset. Such capital gains will be chargeable to tax in the same manner as capital gains arising from the transfer of a long-term capital asset.

Clause 5 seeks to substitute for existing sub-clause (*ii*) of clause (*b*) of section 13 of the Income-tax Act a new sub-clause. The effect of the proposed new sub-clause is to widen a little the scope of the present sub-clause (*ii*) so that the income of a trust for charitable purposes or a charitable institution will lose the benefit of exemption from income-tax provided under section 11 of the Act if any part of its income or any of its property enures or is during the previous year used or applied directly or indirectly for the benefit of the author or founder of the trust or the institution or any person who has made a substantial contribution to such trust or institution or any relative of such author, founder or person.

Clause 6 seeks to amend section 32 of the Income-tax Act.

The effect of the amendment proposed to be made by sub-clause (*a*) will be that in respect of any machinery or plant, the actual cost whereof does not exceed Rs. 750, acquired by the assessee for the purposes of the business or profession, the full amount of the actual cost of such machinery or plant would be allowed as a deduction by way of depreciation in the year in which such machinery or plant is acquired.

The amendment proposed to be made by sub-clause (*b*) is consequential to the amendment sought to be made in section 43 of the Income-tax Act by clause 12 of the Bill. The effect of this amendment will be that where, for the purposes of allowing a deduction by way of depreciation, the excess of the actual cost of a motor car over Rs. 25,000 is ignored in accordance with the proviso to clause (*1*) of section 43 of the Income-tax Act (proposed to be inserted by clause 12 of the Bill), then, in computing the amount of the terminal charge or terminal allowance on the sale, discard, etc., of such motor car, the "moneys payable" in respect thereof shall be taken to be such proportion of the sale proceeds, compensation, etc., as the amount of Rs. 25,000 bears to the actual cost of the motor car as computed before applying the said proviso to clause (*1*) of section 43.

The effect of the amendment proposed to be made by sub-clause (*c*) will be that in computing the profits and gains of a business

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carried on by the assessee, a deduction by way of initial depreciation would be allowed in respect of buildings newly erected by the assessee and which are used as residence or as a hospital, creche, canteen, etc., by his employees whose income chargeable under the head "Salaries" is Rs. 7,500 or less. At present, this allowance is made only in respect of residential houses or hospital, creche, canteen, etc., erected for the use of employees drawing a remuneration not exceeding Rs. 200 per mensem.

Clause 7 seeks to amend the *Explanation* to sub-section (*3*) of section 33 of the Income-tax Act. The effect of the amendment will be that the benefit of the continuance of entitlement to development rebate in respect of machinery or plant installed by a subsidiary company in the hands of its holding company, under sub-section (*3*) of section 33, will be available (subject to the fulfilment of the other conditions specified in this behalf) where the subsidiary company being a wholly owned subsidiary, is merged in its holding company, irrespective of whether the subsidiary company is an Indian company or not.

Clause 8 seeks to amend section 33A of the Income-tax Act, relating to deduction by way of development allowance at specified percentages of the actual cost of planting of tea bushes.

Sub-clause (*a*) (*i*) seeks to increase the development allowance for planting of tea bushes in new areas from the existing quantum of 40 per cent. to 50 per cent. of the actual cost of planting.

Sub-clause (*a*) (*ii*) seeks to increase the quantum of the development allowance for replanting tea bushes in areas already under plantation from the existing quantum of 20 per cent. to 30 per cent. of the actual cost of planting.

Sub-clause (*a*) (*iii*) seeks to make a provision for the deduction of the development allowance in two stages, in replacement of the existing provision under which such deduction is allowed in the fourth accounting year reckoned from the accounting year in which the land is prepared for planting or replanting, as the case may be. Under the proposed provision, development allowance will, in the first instance, be computed with reference to that portion of the actual cost of planting which is incurred in the accounting year in which the land is prepared for planting or replanting, as the case may be, and in the accounting year next following, and the amount so computed will be allowed as a deduction in respect of such accounting year next following.

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The development allowance will again be computed at the end of the four-year period with reference to the actual cost of planting, and if the allowance so computed exceeds the allowance already deducted in respect of the second year, as stated above, the amount of the excess will be allowed as a deduction in respect of the fourth accounting year reckoned from the year in which the land is prepared for planting or replanting, as the case may be.

Sub-clause (*b*) seeks to make two consequential amendments to sub-section (2) of section 33A.

Clause 9 seeks to amend section 34 of the Income-tax Act. The effect of this amendment will be that in respect of a ship acquired by the assessee after the 28th February, 1966, the quantum of development rebate reserve required to be created by him under the provisions of section 34(3)(*a*) of the Income-tax Act will be reduced from 75 per cent. of the amount of development rebate actually allowed, to 50 per cent. thereof.

Clause 10 seeks to insert a new section 35A in the Income-tax Act.

Sub-section (*1*) of the proposed section 35A seeks to provide that any capital expenditure incurred by an assessee after the 28th February, 1966 on the acquisition of patent rights or copyrights (hereinafter referred to as rights) used for the purposes of the business will be allowed as a deduction in equal instalments over a period of 14 years or 14 years as reduced by the number of complete years comprised in the period which has expired since the commencement of the said rights and before their acquisition by the assessee, whichever of the two periods is shorter; where a full period of 14 years had expired before such acquisition, the entire cost of acquisition will be allowed in one instalment.

Sub-section (*2*) provides that where before the end of any of the relevant previous years for which the allowance is to be made, the rights come to an end without being subsequently revived or where the assessee sells the whole or any part of the rights for an amount which is not less than the capital cost remaining unallowed, no allowance under sub-section (*1*) will be granted in respect of the previous year in which the rights come to an end or, as the case may be, are sold.

Sub-section (*3*) provides that where the rights come to an end without being subsequently revived or are sold in their

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entirety and the proceeds of the sale are less than the cost of acquisition thereof remaining unallowed, then the cost so remaining unallowed or, as the case may be, such cost as reduced by the sale proceeds, will be allowed as a deduction in full in the previous year in which the rights come to an end or, as the case may be, are sold.

Sub-section (4) provides that where the rights or any part thereof are sold and the capital sum received on the sale exceeds the cost of the rights remaining unallowed, the excess, to the extent of the amount already allowed, will be charged as the assessee's profits of the previous year in which the rights are sold.

Sub-section (5) provides that where only a part of the rights is sold for an amount which is less than the capital cost remaining unallowed, the amount of the allowance to be made under sub-section (1) in respect of the previous year in which such sale takes place and subsequent previous years will be recomputed. The recomputation will be made by reducing the capital cost remaining unallowed by the sale proceeds, and the balance will be allowed in equal instalments for the relevant previous year and subsequent previous years.

Clause 11 seeks to amend section 36 of the Income-tax Act. The effect of this amendment will be that in the case of an approved financial corporation engaged in providing long-term finance for industrial development in India, whose paid-up share capital does not exceed Rs. 3 crores, the limit up to which a deduction is allowed in computing its total income in respect of the amount carried by the corporation to a special reserve account, will be increased from the existing quantum of 10 per cent. of the total income to 25 per cent. thereof.

Clause 12 seeks to amend clause (1) of section 43 of the Income-tax Act. The effect of the proposed amendment will be that in respect of any motor car acquired by an assessee after the 28th February, 1966 for more than Rs. 25,000, no depreciation allowance will be admissible on the cost in excess of such amount, in computing the profits and gains of any business or profession.

Clause 13 seeks to omit sub-sections (2) to (4) of section 45 of the Income-tax Act, relating to the charge of tax on capital gains represented by the fair market value of bonus shares allotted to an equity shareholder of a company, in certain circumstances.

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Clause 14 seeks to amend section 55 of the Income-tax Act. The amendment is consequential to the amendment of section 45 of the Income-tax Act by clause 13 of the Bill.

Clause 15 (*b*) seeks to amend section 80A of the Income-tax Act. The effect of this amendment will be that a contract for a deferred annuity on the life of the assessee or on the life of the wife or husband of the assessee which contains a provision for the exercise, by the insured, of a cash option in lieu of an annuity will also be regarded as a contract for a deferred annuity on the life of the assessee, etc., for the purposes of section 80A.

Clause 15 (*c*) seeks to introduce a new section 80E in the Income-tax Act. The effect of the proposed new section will be that in computing the total income of an Indian company or any other company which has made the prescribed arrangements for the declaration and payment of dividends within India, a deduction will be allowed of a sum equal to eight per cent. of the amount of profits and gains attributable to the business of generation or distribution of electricity or any other form of power or of construction, manufacture or production of any one or more of the articles or things specified in the list in the Fifth Schedule included in its total income as computed under the other provisions of the Income-tax Act. This deduction is not available in the case of a company in which the public are substantially interested and whose total income (as computed without applying the provisions of this section) does not exceed Rs. 25,000, the rate of income-tax in the case of such companies being 45 per cent. as against the rate of 55 per cent. applicable in the case of other companies. The deduction under this section is in replacement of the rebate of tax allowed to such companies in respect of their profits and gains from the aforesaid activities under the provisions of the Finance Act, 1965.

Clause 16 seeks to amend section 85A of the Income-tax Act. The amendment proposed to be made by sub-clause (*a*) (*i*) is of a verbal nature.

The amendments proposed to be made by sub-clause (*a*) (*ii*) and sub-clause (*b*) are consequential to the amendments proposed to be made by clause 43 of the Bill.

Clause 17 seeks to insert two new sections, 85 B and 85 C in the Income-tax Act.

Section 85B is intended to secure that income by way of dividends received by an Indian company from a foreign company which has not made the prescribed arrangements for declaration and payment

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of dividends in India, on shares in the foreign company allotted to it in consideration of the supply of technical "know-how" or technical services to the foreign company in pursuance of an agreement approved by the Central Government in this behalf before the 1st October of the relevant assessment year, will bear income-tax at the rate of 25 per cent. only.

The new section 85C seeks to provide that income by way of royalty, commission, fees or similar payment received by an Indian company from a foreign company which has not made the prescribed arrangements for declaration and payment of dividends in India, in consideration of the supply of technical "know-how" or technical services to the foreign company in pursuance of an agreement approved by the Central Government in this behalf before the 1st October of the relevant assessment year, will bear income-tax at the rate of 25 per cent. only.

Clause 18 seeks to amend section 86A of the Income-tax Act. The effect of this amendment will be that the limit up to which rebate of income-tax can be allowed in respect of income from interest on securities issued income-tax free by the Central Government or by any State Government on which income-tax is payable by the State Government, will be raised from the existing quantum of 25 per cent. of such income to 27·5 per cent. thereof. This amendment is consequential to the proposed levy of a special surcharge at 10 per cent. of the tax and surcharge payable by non-corporate assessees and the proposed increase in the rates of income-tax applicable to various classes of companies.

Clause 19 seeks to amend section 88 of the Income-tax Act. The effect of this amendment will be that the limit up to which rebate of income-tax can be allowed in respect of donations made by a company to the National Defence Fund, the Jawaharlal Nehru Memorial Fund, charitable institutions, etc., will be raised from the existing quantum of 25 per cent. of such donations to 27·5 per cent. thereof. This amendment is consequential to the proposed increase in the rates of income-tax applicable to various classes of companies.

Clause 20 seeks to amend section 104 of the Income-tax Act.

Sub-clause (a).—The amendments proposed to be made by this sub-clause are consequential to the amendments proposed to be made by clause 21 of the Bill in section 109 of the Income-tax Act.

Sub-clause (b).—The effect of the amendment proposed to be made by sub-clause (b) (i) will be that the exemption from the

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requirement of compulsory distribution of dividends up to the statutory percentage available, *inter alia,* to Indian companies wholly or mainly engaged in manufacturing activities, etc., will be extended to Indian companies mainly engaged in the business of construction of ships. The omission of the words "wholly or" occurring in the existing section 104 (4) (*a*) is in the nature of a verbal amendment. Sub-clause (*b*) (*ii*) seeks to insert a new sub-clause (*c*) in section 104(4) of the Income-tax Act to provide that the requirement of compulsory distribution of dividends up to the statutory percentage will not apply in the case of a company which is neither an Indian company nor a company which has made the prescribed arrangements for the declaration and payment of dividends within India. The amendment proposed to be made by sub-clause (*b*) (*iii*) is consequential to the amendment proposed to be made by sub-clause (*b*) (*i*) of this clause.

Clause 21 seeks to amend section 109 of the Income-tax Act.

Sub-clause (*a*) seeks to introduce two new sub-clauses, namely, sub-clause (*g*) and sub-clause (*h*) in clause (*i*) of that section. The effect of the new sub-clause (*g*) will be to secure that the "distributable income" of a company will be computed by deducting from the total income, *inter alia,* any expenditure actually incurred for the purposes of the business, but disallowed in computing the income chargeable under the head "Profits and gains of business or profession", being a bonus or gratuity paid to an employee, legal charges, any such expenditure as is referred to in section 40(*c*) of the Income-tax Act and any expenditure claimed as a revenue expenditure but not allowed to be deducted as such, and not resulting in the creation of an asset or enhancement in the value of an existing asset. The effect of the proposed sub-clause (*h*) will be to similarly secure a deduction in respect of any expenditure wholly and exclusively incurred for the purpose of making or earning any income included in the total income (other than income chargeable under the head "Profits and gains of business or profession") but disallowed in computing such income, and not resulting in the creation of an asset or enhancement in the value of an existing asset.

Sub-clause (*b*) seeks to substitute the definition of the term "investment company" to secure that a company will be regarded as an investment company if its total income consists mainly of income which, if it had been the income of an individual, would be regarded as unearned income.

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Sub-clause (*c*).—The amendment proposed to be made by this sub-clause is purely of a drafting nature.

Sub-clause (*d*) seeks to substitute sub-clause (*iii*) (3) of section 109 of the Income-tax Act. The effect of the proposed amendment will be that in the case of Indian companies which are only *partly* (as distinct from *mainly*) engaged in manufacturing and other specified activities, the *"statutory percentage"* of distributable income in relation to profits and gains attributable to such activities will be *"Nil"*, as against 45 per cent. at present.

Clause 22 seeks to amend section 112A of the Income-tax Act. The effect of the amendment will be that the tax concessions available under sections 112A and 193 of the Income-tax Act, in respect of interest on National Savings Certificates (First Issue), will also be available in respect of interest on National Savings Certificates (First Issue)—Bank Series.

Clause 23 seeks to amend section 114 of the Income-tax Act. The amendment is consequential to the amendment of section 45 of the Income-tax Act by clause 13 of the Bill.

Clause 24 seeks to amend section 115 of the Income-tax Act. The amendments are consequential to the amendment of section 45 of the Income-tax Act by clause 13 of the Bill.

Clause 25 seeks to amend section 193 of the Income-tax Act. The effect of this amendment will be that in the case of an individual resident in India, holding Central or State Government securities [other than National Defence Bonds, 1972, National Savings Certificates (First Issue), National Defence Loans, 1968 and 1972 and Gold Bonds, in respect of which specific provisions already exist] interest shall be paid without deduction of tax at source, if the holder of the securities makes a declaration, in writing before the person responsible for paying the interest, that he has not previously been assessed to income-tax, that his total income in respect of the previous year to which the interest relates is not likely to exceed the maximum amount not chargeable to income-tax, and that the total nominal value of such securities held by him or on his behalf did not exceed Rs. 2,500 at any time during the said period.

Clause 26 seeks to amend section 201 of the Income-tax Act.

Sub-clause (*a*) seeks to amend the proviso to the above-mentioned section. Under the existing proviso, a penalty under section 221 of the Income-tax Act can be levied on a person who is responsible to deduct tax at source from salary, etc., for his

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failure to make such deduction or to pay the tax so deducted to the credit of the Central Government within the prescribed time, only if the Income-tax Officer is satisfied that such person had wilfully failed to deduct and pay the tax. Under the proviso as amended, penalty under section 221 of the Income-tax Act will be leviable on such a defaulter if the Income-tax Officer is satisfied that there were no good and sufficient reasons for the failure to deduct and pay the tax.

Sub-clause (*b*) seeks to make a new provision in section 201 for the charging of simple interest at six per cent. per annum from persons who are responsible for deducting tax at source from salary, etc., and paying such tax to the credit of the Central Government within the prescribed period but have defaulted either in deducting the tax or in paying the tax deducted to the credit of the Central Government within the prescribed time.

Sub-clause (*c*) seeks to make an amendment in sub-section (*2*), the effect of which is that the simple interest referred to in the proposed sub-section (*1A*) will also be a charge on the assets of the person or company concerned.

Clause 27 seeks to amend section 235 of the Income-tax Act. The effect of this amendment will be that the limit up to which rebate of income-tax can be allowed to an assessee in respect of that portion of the dividend received from a company which is attributable to the company's agricultural income and on which agricultural income-tax has been paid by the company to the State Government, will be raised from the existing quantum of 25 per cent. of such portion to 27·5 per cent. thereof. This amendment is consequential to the proposed levy of a special surcharge at 10 per cent. of the tax and surcharge payable by non-corporate assessees and the proposed increase in the rates of income-tax applicable to various classes of companies.

Clause 28 seeks to amend section 236A of the Income-tax Act. This amendment seeks to bring the relevant provision in section 236A in line with the provision in Paragraph F of Part I of the First Schedule to the Bill for levy of tax on certain companies with reference to the "relevant amount of distributions of dividends" by such companies.

Clause 29 seeks to amend section 280A of the Income-tax Act. The effect of this amendment will be that a person whose total income chargeable to tax for the assessment year 1967-68 or any

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subsequent assessment year is Rs. 25,000 or less will not be required to make any annuity deposit (or advance annuity deposit) in relation to any such assessment year. Such a person is, however, given the option to make a declaration that the provisions of Chapter XXIIA of the Income-tax Act regarding annuity deposits should apply to him, and if he does so, the said provisions shall apply to him in relation to the assessment year in respect of which he makes the declaration and all assessment years thereafter. The declaration in respect of any assessment year is required to be made not later than the 30th September of the financial year immediately preceding that assessment year.

Clause 30 seeks to omit the *Explanation* to section 280E of the Income-tax Act. This amendment is consequential to the shifting of the *Explanation* from section 280E to section 280A, by clause 29 of the Bill.

Clause 31 seeks to substitute a new section for the existing section 280Q in order to make the provisions relating to rounding off of annuity deposits more clear and simple and bring them in line with the provisions of the proposed new section 288A.

Clause 32 seeks to introduce a new sub-section (*1A*) in section 280X of the Income-tax Act to enable an individual who has completed the age of seventy years on the last day of the previous year relevant to the assessment year, and who has not before that day exercised the option under sub-section (*1*), to make a declaration that the provisions of Chapter XXIIA regarding annuity deposits should not apply to him in relation to any assessment year in which he makes the declaration and all assessment years thereafter.

Clause 33 seeks to amend *Explanation 2* to section 280ZB of the Income-tax Act. This amendment seeks to bring the provisions of the said *Explanation* in line with the provision in Paragraph F of Part I of the First Schedule to the Bill for charging income-tax on certain domestic companies with reference to the "relevant amount of distributions of dividends" by such companies.

Clause 34 seeks to insert two new sections in the Income-tax Act, namely, sections 288A and 288B.

The proposed new section 288A seeks to provide that where the total income as computed in accordance with the provisions of the Act is not a multiple of ten rupees, it will be rounded off to the nearest multiple of ten rupees by ignoring the fraction which is less than five rupees and increasing the fraction which amounts to five

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rupees or more, to ten rupees; and the total income so rounded off will be deemed to be the total income. Where the total income of an assessee includes earned income, the adjustment on account of rounding off will be made to the earned income. Where there is no earned income, such adjustment will be made to the unearned income.

The proposed section 288B seeks to provide that fractions of one rupee contained in the amount of tax (including advance tax and tax deducted at source), penalty, interest, etc., and refunds will be rounded off to the nearest rupee, by ignoring amounts less than fifty *paise* and increasing amounts of fifty *paise* or more, to one rupee.

Clause 35 seeks to amend, retrospectively, section 297 of the Income-tax Act, 1961, to secure that the exemptions, reductions in rates or other modifications in respect of income-tax notified by the Central Government under section 60A of the Indian Income-tax Act, 1922, which were in force immediately before the commencement of the Income-tax Act, 1961 continue in force until rescinded by the Central Government.

Clause 36 seeks to amend the First Schedule to the Income-tax Act. The effect of this amendment will be that the quantum of the rebate of income-tax to be allowed with reference to interest on income-tax free securities of the Central Government in computing the tax payable on income from life insurance business will be raised from 25 per cent. to 27·5 per cent. of the annual average of the amount of such interest. This amendment is consequential to the proposed increase in the rate of income-tax applicable to income from life insurance business.

Clause 37 seeks to add "newsprint" in item (16) of, and two new items, namely, "Tea" and "Printing machinery" to, the list of articles or things in the Fifth Schedule to the Income-tax Act. The effect of this will be that new machinery or plant installed by an assessee during the period 1-4-1966 to 31-3-1970 in a business of manufacture of any one or more of these articles will also qualify for the allowance of development rebate at the rate of 35 per cent. of the actual cost thereof. In other respects, namely, that of computing, for the assessment year 1966-67, the amount of the deduction provided under the new section 80E proposed to be inserted in the Income-tax Act by clause 15 of the Bill, and for the purpose of determining whether a company was mainly engaged in specified activities during the previous year relevant to the assessment year 1966-67 under the *Explanation* to section 85A of that Act, income from the manufacture or production of the articles proposed to be added by this clause will

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be treated as profits and gains attributable to the activities specified in those sections.

Clause 38 seeks to amend the Estate Duty Act, 1953.

Sub-clauses (*a*) *to* (*e*), respectively, seek to increase the period specified in sections 9, 10, 11, 12 and 22 for the inclusion in his estate of property gifted, settled or otherwise disposed of by the deceased during his life-time, from one year to two years. The amendment in sub-clause (*f*) (*i*) is consequential to these amendments.

The amendment in sub-clause (*f*)(*ii*) seeks to insert, retrospectively, a new clause (*mm*) in sub-section (*1*) of section 33. Sub-clause (*g*) seeks to make, retrospectively, a consequential amendment to clause (*a*) of section 34(*1*). The combined effect of these two proposed amendments will be that the property belonging to a deceased person who was a member of a police force (including a border security force) and was killed in action in protecting the border will not be chargeable to estate duty and will also be excluded in determining the principal value of the property passing on his death.

Sub-clause (*h*) seeks to increase from one year to two years the period specified in section 46(*2*) of the Estate Duty Act, for the inclusion in his estate of money or money's worth paid or applied by the deceased towards the satisfaction or discharge of certain debts or encumbrances where but for such satisfaction or discharge the liability would not have been deductible in the computation of the net principal value of his estate.

Sub-clause (*i*) seeks to substitute the rate schedule of estate duty contained in Part I of the Second Schedule to the Act by a new rate schedule. Under the new rate schedule, rates of duty have been increased by 2 per cent., from 8 per cent. to 10 per cent., in the slab of Rs. 1,00,001—Rs. 2,00,000, by 10 per cent., *i.e.*, from 15 per cent. to 25 per cent., in the slab of Rs. 3,50,001—Rs. 5,00,000, and by 5 per cent, *i.e.*, from 25 per cent. to 30 per cent., in the slab of Rs. 5,00,001—Rs. 10,00,000.

Clause 39 seeks to make transitional provisions to secure that in the case of persons dying after the 31st March, 1966, but before the 1st April, 1967, sections 9, 10, 11, 12, 22, 33 and 46 of the Estate Duty Act, as proposed to be amended by clause 38, shall have effect as if the references therein to two years before the death of the deceased were references to the said two years less so much thereof as fell before the 1st April, 1965. The effect of this will be that in the case of such persons, property comprised in any gift, settlement, etc.,

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made before 1st April, 1965 will not be included in the dutiable estate by reason only of the fact that the gift, settlement, etc., was made within two years before the death of the deceased.

Clauses 40 and 42 seek to repeal, respectively, the Expenditure-tax Act, 1957, and the Super Profits Tax Act, 1963. As, however, section 6 of the General Clauses Act, 1897, will apply, all the provisions of that section will be attracted in relation to the repeal, and any investigation, legal proceeding or remedy available under the repealed Acts may be instituted, continued or enforced in relation to any right, privilege, obligation or liability acquired, accrued or incurred under, or any penalty, forfeiture or punishment incurred in respect of any offence committed against, the repealed enactments as if the present Bill had not been passed.

Clause 41 seeks to amend the Gift-tax Act, 1958.

Sub-clause (*a*) (*i*) seeks to insert a new clause (*iia*) in section 5(*1*) of the Gift-tax Act, 1958, to secure that gift-tax will not be levied on gifts of foreign exchange by a non-resident to a person resident in India, where the foreign exchange so gifted is remitted to India in accordance with the Foreign Exchange Regulation Act, 1947 and the rules made thereunder during the period from the 26th October, 1965 to the 28th February, 1966 or such extended period as may be notified by the Central Government.

Sub-clause (*a*) (*ii*) seeks to amend sub-section (*2*) of section 5 of the Gift-tax Act. The effect of this amendment will be that the limit up to which the value of gifts made by any person during the previous year is exempt from gift-tax will be raised from Rs. 5,000 to Rs. 10,000.

Sub-clause (*b*) seeks to omit section 6A of the Gift-tax Act, 1958, relating to the aggregation of the value of taxable gifts to the same donee during the relevant previous year and during any one or more of the four previous years immediately preceding such previous year with the value of the taxable gifts made by the assessee during the relevant previous year.

Sub-clause (*c*) seeks to substitute the Schedule to the Act containing the rate schedule of gift-tax, by a new rate schedule. Under the new rate schedule, taken together with the amendment to section 5(*2*) proposed to be made by sub-clause (*a*)(*ii*), the incidence of gift-tax will be reduced at all levels.

Clause 43 seeks to make certain amendments to the Companies (Profits) Surtax Act, 1964.

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Sub-clause (*a*) (*i*) seeks to substitute sub-clause (*b*) of clause (*i*) of rule 2 of the First Schedule to the said Act by a new sub-clause. The object of this amendment is to bring the provisions of sub-clause (*b*) in line with the provisions in Paragraph F of Part I of the First Schedule to the Bill for the levy of tax on certain companies with reference to the "relevant amount of distributions of dividends" by such companies.

Sub-clause (*a*) (*ii*) seeks to insert a new sub-clause (*c*) in clause (*i*) of rule 2 of the First Schedule, with retrospective effect from the commencement of the Companies (Profits) Surtax Act. The proposed sub-clause (*c*) provides that in computing the chargeable profits of a company under the First Schedule, no deduction will be allowed for the additional income-tax, if any, payable by the company under section 104 of the Income-tax Act for its failure to distribute dividends up to the required statutory percentage.

Sub-clause (*b*) (*i*) (*1*) seeks to reduce the rate of surtax from 40 per cent. to 35 per cent. of the net chargeable profits.

Sub-clause (*b*) (*i*) (*2*) seeks to omit the first and second provisos to Paragraph 1 of the Third Schedule, under which companies were entitled to a rebate of 20 per cent. of the surtax attributable to the profits and gains derived by them from specified priority industries. The omission of these two provisos is consequential to the provision sought to be made in the Income-tax Act by clause 15 of the Bill, for a deduction in computing the total income of the company of an amount equal to 8 per cent. of its profits and gains from specified priority industries.

Sub-clause (*b*) (*i*) (*3*) seeks to amend the third proviso to Paragraph 1 of the Third Schedule. This amendment is being made in view of the position that no provision has been made in the Bill for the charging of tax on companies with reference to the amount of their bonus issues.

Sub-clause (*b*) (*ii*) seeks to omit Paragraph 2 of the Third Schedule which contained the list of articles and things relating to priority industries. This Paragraph is being omitted for the reasons indicated in the notes on sub-clause (*b*) (*i*) (*2*).

Clause 44 seeks to levy up to the 31st May, 1967 a special duty of customs.

Clause 45 seeks to continue the levy of regulatory duty of customs up to the 15th July, 1967, on a flexible basis within the specified ceiling rates, for regulating or bringing greater economy in imports.

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Clause 46 seeks to maintain for another year the *status quo* in regard to commitments under the General Agreement on Tariffs and Trade.

Clause 47.—

Sub-clause (*a*) seeks to raise the rates of duty on sugar;

Sub-clause (*b*) seeks to raise the rates of duty on certain varieties of unmanufactured tobacco and cigars and cheroots;

Sub-clause (*c*) seeks to raise the rate of duty on diesel oil not otherwise specified;

Sub-clause (*d*) seeks to levy an excise duty on products of the kind known as optical bleaching agents;

Sub-clause (*e*) seeks to raise the rate of duty and to substitute a specific rate for the existing *ad valorem* rate of duty on carbonic acid (carbon dioxide);

Sub-clause (*f*) seeks to levy excise duty on organic surface-active agents and surface-active preparations;

Sub-clause (*g*) seeks to raise the rate of duty on rayon and synthetic fibres and yarn;

Sub-clause (*h*) seeks to raise the rates of duty on cotton twist, yarn and thread, all sorts;

Sub-clause (*i*) seeks to raise the rates of duty on cotton fabrics;

Sub-clause (*j*) seeks to revise the tariff classification of certain manufactures of iron and steel and to raise the rate of duty on pipes and tubes;

Sub-clause (*k*) seeks to clarify the tariff description of Item No. 33B(*i*) relating to electric wires and cables.

Clause 48 seeks to continue up to the 31st May, 1967 the existing special duties of excise.

Clause 49 seeks to provide for levy of regulatory duties of excise up to the 15th July, 1967 on a flexible basis within the specified ceiling rate for regulating or bringing greater economy in consumption.

Clause 50 like section 82 of the Finance Act, 1965 provides that salt shall be duty free for another year.

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Clause 51.—

Section 8 of the Central Sales Tax Act, 1956 provides for the rate of tax on inter-State sales. Sub-section (*1*) lays down that in respect of sales to Government and to dealers registered under the Act, the rate shall be 2 per cent. It is proposed to raise this rate to 3 per cent.

The amendment to sub-section (*2A*) of that section is consequential.

Section 15 of the said Act lays down that no State shall levy sales-tax on goods declared to be of special importance in inter-State trade or commerce under section 14 of that Act, at a rate exceeding 2 per cent. It is proposed to raise this ceiling to 3 per cent. This would give the States a bigger ceiling to refix their rates of tax on such goods, if they so desire.

The proposed increase in the rates of tax will be effective on and from the 1st July, 1966.

Clause 52 seeks to amend section 4A of the Preference Shares (Regulation of Dividends) Act, 1960. The proposed amendment will enable companies who are entitled to deduct income-tax from the dividends on preference shares declared by them, after the 28th February, 1966, to make such deduction, at the rate of 27·5 per cent. on the *full amount* of the dividend which they are required to pay, that is to say, on the amount of the stipulated dividend together with the additional dividend of 11 per cent. of the stipulated dividend which they are statutorily obliged to pay under section 3(3) of the Preference Shares (Regulation of Dividends) Act, 1960.

Clause 53 seeks to amend section 32 of the Unit Trust of India Act, 1963. Under the existing provisions of this section, where the total income of an individual unit-holder, exclusive of the 'qualifying dividend' (that is, the amount of dividends up to Rs. 1,000 received by him from the Trust) does not exceed Rs. 20,000, the 'qualifying dividend' is not included in computing his total income. Where the individual unit-holder's total income, exclusive of the 'qualifying dividend' exceeds Rs. 20,000, the 'qualifying dividend' is included in computing his total income, but the tax calculated on the total income is reduced by an amount equal to 25 per cent. of the 'qualifying dividend'. The effect of the proposed amendment will be that the amount of dividends up to Rs. 1,000 received by an individual unit-holder from the Trust will not be included in his total income, *irrespective of the amount of his other income.*

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MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 2 (5) (d) of the Bill empowers the Central Board of Direct Taxes to make rules for the purpose of computing the amount of any profits and gains derived by an assessee from the export of any goods or merchandise out of India in respect of which he may claim deductions under the proposed clause 2(5) (a) (i). The matter in respect of which rules may be made is one of procedure and detail. Therefore, the delegation of legislative power is of a normal character.

S. L. SHAKDHER,
Secretary.

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असाधारण
EXTRAORDINARY
भाग II—खण्ड 2
PART II—Section 2
प्राधिकार से प्रकाशित
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Separate paging is given to this Part in order that it may be filed as a separate compilation

LOK SABHA

The following Bill was introduced in Lok Sabha on the 3rd March, 1965:—

BILL No. 14 OF 1965

A Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the services of the financial year 1964-65.

BE it enacted by Parliament in the Sixteenth Year of the Republic of India as follows:—

1. This Act may be called the Appropriation Act, 1965. Short title.

2. From and out of the Consolidated Fund of India there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of four hundred and seventy-five crores and seventy-four thousand rupees towards defraying the several charges which will come in course of payment during the financial year 1964-65, in respect of the services specified in column 2 of the Schedule. Issue of Rs. 4,75,00,74,000 out of the Consolidated Fund of India for the year 1964-65.

3. The sums authorised to be paid and applied from and out of the Consolidated Fund of India by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year. Appropriation.

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THE SCHEDULE

(*See* sections 2 and 3)

1	2	3		
No. of Vote	Services and purposes	Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
1	Ministry of Community Development and Co-operation	40,000	..	40,000
3	Ministry of Defence	1,28,000	..	1,28,000
6	Defence Services, Effective—Air Force	2,95,70,000	..	2,95,70,000
19	Ministry of Finance	3,08,000	..	3,08,000
21	Union Excise Duties	55,50,000	..	55,50,000
22	Taxes on Income including Corporation Tax, etc.	28,00,000	..	28,00,000
23	Stamps	8,19,000	..	8,19,000
24	Audit	55,00,000	2,00,000	57,00,000
26	Mint	20,00,000	..	20,00,000
28	Pensions and Other Retirement Benefits	..	2,73,000	2,73,000
29	Territorial and Political Pensions	80,000	..	80,000
30	Opium	39,00,000	..	39,00,000
31	Other Revenue Expenditure of the Ministry of Finance	..	2,60,000	2,60,000
33	Grants-in-aid to State and Union Territory Governments	[50,00,000	..	50,00,000
36	Ministry of Food and Agriculture	[2,82,000	..	2,82,000
37	Agriculture	29,35,000	..	29,35,000
40	Forest	1,000	..	1,000
42	Ministry of Health	1,00,000	..	1,00,000
45	Ministry of Home Affairs	13,43,000	..	13,43,000

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भाग II—खण्ड 3 उपखण्ड (ii)

PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित

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सं० 44] नई दिल्ली, शनिवार, मार्च 6, 1965/फाल्गुन 15, 1886

No. 44] NEW DELHI, SATURDAY, MARCH 6, 1965/PHALGUNA 15, 1886

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Separate paging is given to this Part in order that it may be filed as a separate compilation

MINISTRY OF STEEL AND MINES

(Department of Iron & Steel)

NOTIFICATION

New Delhi, the 6th March 1965

S.O. 770.—PRI/84/N/ESS.COMM/Iron and Steel/15(1)-27(1).—The following notification issued by the Iron and Steel Controller under Sub-Clause (1) of Clause 15 of the Iron and Steel (Control) Order, 1956 is hereby published for general information:

"NOTIFICATION

In exercise of the powers conferred by Sub-Clause (1) of Clauses 15 and 27 of the Iron and Steel Control (Order), 1956 as amended from time to time and with the approval of the Central Government, the Iron and Steel Controller notifies the following amendment to the selling prices of Schedule No. IV, Prime quality Steel and Semis and Schedule V—Part IA (Fresh unused defectives) published under Ministry of Steel and Heavy Industries, New Delhi Notification No. S.O. 731/ESS.COMM/Iron and Steel/64 dated 29th February 1964 in Part II Section 3(ii) of the Gazette of India Extraordinary dated 1st March 1964 as amended from time to time.

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SCHEDULE No. IV

Prime Quality Steel and Semis.

S. No.	Materials	Maximum Base price at all railhead stations in India					
		Col. I		Col. II		Col. III	
		For sales by Regd. Producers		For sales by Controlled stock-holders		For sales by all persons other than Regd. Producers and controlled stock-holders.	
		Un-tested	Tested	Un-tested	Tested	Un-tested	Tested
1	Billets upto 125 mm . . .	535	565	575	615	590	30
2	Tin Bars	..	580	..	..	..	..
3	Skelp thickness 3·15 mm to 2·00 mm	836	881	876	931	891	946
4	Black sheets thickness 3·15 to 2·0 mm . . .	872	917	912	967	927	982
5	Galvanised Corrugated sheets thickness 0·63mm length 1·8 M/3·05 M.	1130	1175	1170	1225	1185	1240
6	Plates 10 mm and up . . .	777	822	817	872	832	887
7	Hot rolled strips or B.P. sheets in coils thickness 3·15 mm to 2·0 mm	826	871	866	921	881	936
8	Cold Rolled strips in coils-thickness 3·15 mm to 2·0 mm .	991	1036	1031	1086	1046	1101
9	Cold Rolled sheets thickness 3·15 mm to 2·0 mm	1031	1076	1071	1126	1086	1141
10	Baling Hoops in Coils over 30 M in length :						
	(*a*) Cotton Baling Hoops 20 mm × 1·1/1·0 mm . .	1031	..	1071	..	1086	..
	(*b*) Jute Baling Hoops 25 mm mm × 1·6 mm · 00 mm .	955	..	995	..	110	..
	(*c*) Coir Baling Hoops 20 mm mm × 1·1/1·00 mm . .	1129	..	1169	..	1184	..

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भाग I—खण्ड 1

PART I—Section 1

प्राधिकार से प्रकाशित

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सं० 21] नई दिल्ली शुक्रवार, मार्च 5, 1965/फाल्गुन 14, 1886

No. 21] NEW DELHI, FRIDAY, FEBRUARY 5, 1965/PHALGUNA 14, 1886

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Separate paging is given to this Part in order that it may be filed as a separate compilation

MINISTRY OF COMMERCE

PUBLIC NOTICE

IMPORT TRADE CONTROL

New Delhi, the 5th March 1965

SUB.—*Indo-Afghan Trade Arrangement for* 1964-65 *and* 1965-66—*basis of counter-balancing of imports by exports.*

No. 15-ITC(PN)/65.—Attention is invited to para 8(e) of the late Ministry of International Trade Public Notice No. 11-ITC(PN)/64, dated 20th February 1964 for 1964-65 Trade Arrangement period wherein the basis for counter-balancing of imports by exports is laid down.

2. In partial modification of the same, it has been decided that in respect of imports from Afghanistan that have taken place in terms thereof the following basis for settlement by counter-exports will be adopted:—

(a) So far as imports on consignment basis are concerned, exports of Indian goods will be allowed upto the sale proceeds of imports in India *minus* the taxes and duties and expenses.

(b) With regard to outright purchase of Afghan goods, counter-exports will be allowed upto the Customs assessed value of such imports.

3. It has also been decided that the same basis as stipulated at (a) and (b) above will also be adopted for fulfilment of export obligation as indicated in para 8(b) of the Ministry of Commerce Public Notice No. 10-ITC(PN)/65, dated 23rd February 1965 for 1965-66 Trade Arrangement period.

P. SABANAYAGAM,
Chief Controller of Imports and Exports.

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भाग II—खण्ड 3—उपखण्ड (i)

PART II—Section 3—Sub-section (i)

प्राधिकार से प्रकाशित

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सं० 34] नई दिल्ली, शनिवार, मार्च 6, 1965/फाल्गुन 15, 1886

No. 34] NEW DELHI, SATURDAY, MARCH 6, 1965/PHALGUNA 15, 1886

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Separate paging is given to this Part in order that it may be filed as a separate compilation

MINISTRY OF FOOD & AGRICULTURE

(Department of Food)

ORDER

New Delhi, the 6th March 1965

G.S.R. 389.—Whereas the Central Government is of opinion that for maintaining supplies of adequate quantities of Indian jowar, it is necessary so to do;

Now, therefore, in exercise of the powers conferred by section 3 of the Essential Commodities Act, 1955 (10 of 1955), the Central Government hereby makes the following Order, namely:—

1. **Short title, extent and commencement.**—(1) This Order may be called the Indian Jowar (Prohibition of Use in Manufacture of Starch) Order, 1965.

(2) It extends to the whole of the State of Madhya Pradesh.

(3) It shall come into force at once.

2. **Definitions.**—In this Order,—

(a) "Indian jowar" means jowar grown in India;

(b) "owner" in relation to a starch factory, includes a person in charge of such factory;

(c) "starch factory" means any factory which manufactures starch.

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3. Indian jowar not to be used in starch factories.—No owner of a starch factory shall use or cause to be used Indian jowar for the manufacture of starch.

4. Indian jowar not to be purchased by starch factories.—No owner of a starch factory shall purchase or cause to be purchased Indian jowar for use in the manufacture of starch in the starch factory.

5. Powers of entry, search, seizure, etc.—(1) Any police officer not below the rank of Assistant Sub-Inspector or any other person authorized in this behalf by the Central Government or the Government of the State of Madhya Pradesh may, with a view to securing compliance with this Order or to satisfying himself that this Order has been complied with,—

(i) enter upon and search or authorize any person to enter upon and search, any premises, any vehicle or vessel in which such person has reason to believe that any provision of this Order has been, is being, or is about to be contravened;

(ii) seize or authorize the seizure of Indian jowar in respect of which he has reason to believe that any provision of this Order has been, is being, or is about to be contravened.

(2) The provisions of sections 102 and 103 of the Code of Criminal Procedure, 1898 (5 of 1898), relating to search and seizure shall, so far as may be, apply to searches and seizures under this clause.

[No. 205(MP)(1)/805/65-PY.II.]

R. BALASUBRAMANIAN, Jt. Secy.

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भाग II—खण्ड 3 उपखण्ड (ii)

PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित

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सं० 45] नई दिल्ली, शनिवार, मार्च 6, 1965/फाल्गुन 15, 1886.

No. 45] NEW DELHI, SATURDAY, MARCH 6, 1965/PHALGUNA 15, 1886

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation.

MINISTRY OF COMMERCE

NOTIFICATIONS

New Delhi, the 6th March 1965

S.O. 771.—In exercise of the powers conferred by section 6 of the Export (Quality Control and Inspection) Act, 1963 (22 of 1963), and after previous publication as required by sub-rule (6) of rule 11 of the Export (Quality Control and Inspection) Rules, 1964, the Central Government hereby—

(1) notifies that fish and fish products shall be subject to quality control and inspection prior to export;

(2) specifies the inspection in accordance with the Export of Fish and Fish Products (Inspection) Rules, 1964, as the type of inspection which will be applied to fish and fish products prior to their export;

(3) recognises the specifications as set out in the Annexure to this notification as the standard specifications for fish and fish products; and

(4) prohibits the export in course of international trade of fish and fish products unless the same is accompanied by a certificate issued by the Director, Central Institute of Fisheries Technology, Ernakulam, or any other officer of that Institute authorised in this behalf by him, to the effect that the fish and fish products conform to the specifications as set out in the said Annexure.

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2. Nothing in this notification shall apply to the export, by sea, land or air, of samples of fish and fish products to prospective buyers, provided that such samples are not in excess of the following quantities, namely:—

(a) Canned prawns (shrimps) 12 kgs. nett drained weight.

(b) frozen prawns (shrimps) 25 kgs. nett drained weight.

3. In this notification "fish and fish products" shall mean—

(i) prawns (shrimps) canned in brine or dry packed, and

(ii) frozen prawns (shrimps) of the following four types, namely:—

(a) Whole;
(b) Headless Shell-on;
(c) Peeled and De-veined; and
(d) Cooked.

4. This notification shall come into force on the 15th March, 1965.

ANNEXURE

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ANNEXURE

(A) SPECIFICATION FOR FROZEN PRAWNS (SHRIMPS)

Sl. No.	Characteristic	Requirement for					
		Whole type and Headless Shellon type		Peeled and Devined Type		Cooked Type	
		Grade I	Grade 2	Grade I	Grade 2	Grade I	Grade 2
1	2	3	4	5	6	7	8
(i)	Colour of shell . . .	Natural colour characteristic of freshly caught prawn.	Slightly dim or faded	..	..	..	..
(ii)	Colour of flesh . . .	Characteristic of freshly caught prawn	Slightly discoloured	Characteristic colour	Slightly faded	Characteristic colour	Slightly faded colour
(iii)	Black discolouration of shell or meat	Nil	At the shell joints only.	Nil	Nil	..	..
(iv)	Texture of meat . . .	Firm and consistent	Not mashy but tending to become loose.	Firm and consistent	Slightly mashy but not loose	Firm and consistent	Firm but breaking into pieces when pressed between the fingers.
(v)	Odour	Characteristic odour of freshly caught prawn.	Absence of any off odour	Absence of any off odour	Absence of any off odour	Odour of freshly cooked prawns.	Absence of any off odour

The material shall be free from dirt, insect or hair or other extraneous matter and from any poisonous and deleterious substances.

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(B) SPECIFICATIONS FOR PRAWNS (SHRIMPS) CANNED IN BRINE OR DRY PACKED

(i) The contents of the can on opening shall present a good appearance and shall not display any appreciable disintegration. Pieces from which portions have separated out would be treated as disintegrated units. The proportion of disintegrated portions of prawns, calculated on the basis of the drained weight, shall not exceed 5 per cent, by weight, based on the average of 5 cans.

(ii) The brine, if used, shall be clear and not discoloured and shall not jell when stored at low temperature (above 4 degrees C).

(iii) The surface of the prawns shall not appear slimy to the touch. The meat shall be soft but firm and shall not crumble to granular form when pressed between the fingers.

(iv) The prawn pieces shall not be pressed together and it should be possible to separate the pieces easily. The pieces shall be of uniform size and shall be clean and free from loose hanging pieces of meat.

(v) The material shall have the odour and flavour of freshly caught and cooked prawn meat and shall be free from scorched, bitter or any objectionable flavour.

(vi) The material shall be free from a pale bleached colour with a greenish-yellow tint indicative of pre-processed spoilage. The material shall be free from any black discolouration.

(vii) The material shall be free from dirt, insect or hair or other extraneous matter. It shall be free from bits of veins, shell particles and pieces of appendanges.

(viii) The material shall be free from any poisonous and deleterious substances.

NOTES.—(1) The nett drained weight shall not be less than the declared weight.

(2) The size count (number of pieces per unit weight) shall conform to that declared on the label.

[No. 60(14)Exp.Insp/63.]

S.O. 772.—In exercise of the powers conferred by section 17 of the Export (Quality Control and Inspection) Act, 1963 (22 of 1963), the Central Government hereby makes the following rules to amend the Export of Fish and Fish Products (Inspection) Rules, 1964, namely:—

1. These rules may be called the Export of Fish and Fish Products (Inspection) Amendment Rules, 1965.

2. In the Export of Fish and Fish Products (Inspection) Rules, 1964,—

(i) in rule 2, in clause (i), for the words "canned in brine", the words "canned in brine or dry packed" shall be substituted;

(ii) in rule 4,—

(a) in sub-rule (1), for the words "the Director of Central Institute of Fisheries Technology, Ernakulam", the words and brackets "the Director of Central Institute of Fisheries Technology, Ernakulam (hereinafter in these rules referred to as Director) or any other officer of that Institute authorised in this behalf by the Director" shall be substituted;

(b) in sub-rule (3), for the words "the Director of Central Institute of Fisheries Technology, Ernakulam", the words "the Director or such authorised officer, as the case may be," shall be substituted.

(c) for sub-rule (4), the following sub-rule shall be substituted, namely:—

"(4) After satisfying himself that the consignment of fish and fish products has complied with the said requirements, the Director or such authorised officer, as the case may be, shall issue a certificate declaring the consignment as conforming to the specifications for fish and fish products, recognised under section 6 of the Export (Quality Control and Inspection) Act, 1963 (22 of 1963)."

[No. 60(14)Exp.Insp/63.]

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S.O. 773.—In exercise of the powers conferred by section 7 of the Export (Quality Control and Inspection) Act, 1963 (22 of 1963), the Central Government hereby makes the following amendment to the notification of the Government of India in the Ministry of Commerce No. S.O. 4397, dated the 29th December, 1964, namely:—

In the Explanation to the said notification, in clause (i), for the words "canned in brine", the words "canned in brine or dry packed" shall be substituted.

[No. 60(14)Exp.Insp/63.]

S.O. 774.—In pursuance of rule 6 of the Export of Fish and Fish Products (Inspection) Rules, 1964, the Central Government hereby appoints the persons mentioned below as the panel of experts for the purpose of hearing appeals under that rule, namely:—

(1) The Chairman, Marine Products Export Promotion Council;

(2) The Director, Central Institute of Fisheries Technology;

(3) The Director of Fisheries, Government of Kerala;

(4) The Director of Fisheries, Bombay;

(5) The Director of Fisheries, Mysore;

(6) The President of Sea Food Canners and Freezers' Association of India, Cochin; and

(7) One member nominated by the Chairman, Marine Products Export Promotion Council from among the members of the Sea Food Canners and Freezers' Association of India, Cochin.

2. The Chairman, Marine Products Export Promotion Council, shall be the convener of the panel.

3. The quorum of the panel shall be three.

[No. 60(14)Exp.Insp/63.]

S. HAMID, Jt. Secy.

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(E) SCHEDULE No. V

Part I—A (Fresh Unused Defectives)

S. No.	Description or Classification of materials	Maximum basic prices per metric tonnes at all rail head stations in India in Rupees per metric tonne.		
		Col. I	Col. II	Col. III
		For sales by Controlled sources other than those mentioned in Col. II	For sales by scrap Merchants who have been declared controlled sources	For sales by all persons other than thpse mentioned in Col. I & II
1	Billets Defective or rejected upto 125 mm	510	550	565
2	Skelp—Defective or rejected 3·15 mm to 2·00 mm—Base .	826	866	881
3	Black sheets—Defectvie or rejected and cut down over 610 mm width and not below 1·22 M in length 3·2 to 2·0 mm—Base . .	862	902	917
4	Galvanised Corrugated sheets Defectives or rejected and spotted —Full size 0·63 mm guage—Base	1120	1160	1175
5	Plates—Defective or rejected 10 mm and up thick 750 mm and above in width, 1500 mm and above in length—Base . .	767	807	822
6	Hot Rolled strips or B.P. Sheets in coils—defective or rejected 3·15 mm to 2·00 mm—Base . .	816	856	871
7	Cold rolled strips in coils—defective or rejected 3·15 mm to 2·00 mm—Base . . .	980	1020	1035
8	Cold Rolled Sheets—Defective or rejected and cut down over 610 mm width and not below 1·22 M in length, 3·15 mm to 2·0 mm	1020	1060	1075
9	*Baling Hoops in Coils :*			
	(*a*) Cotton Baling Hoops .	1021	1061	1076
	(*b*) Jute Baling Hoops . .	945	985	1000
	(*c*) Coir Baling Hoops . .	1119	1159	1174

The general and special conditions of sale will remain the same as before.

This amendment shall take effect from the date of its publication in the Gazette of India.

(Sd.) NAGENDRA BAHADUR,
Iron and Steel Controller".

[No. SC(C)-2(9)/65.]

A. N. RAJAGOPALAN, Under Secy.

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भारत का राजपत्र
The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 2

PART II—Section 2

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं 8] नई दिल्ली, मंगलवार, मार्च 2, 1965/फाल्गुन 11, 1886
No. 8] NEW DELHI, TUESDAY, MARCH 2, 1965/PHALGUNA 11, 1886

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके

Separate paging is given to this Part in order that it may be filed as a separate compilation

LOK SABHA

The following Bill was introduced in Lok Sabha on the 2nd March, 1965:—

BILL No. 7 OF 1965

A Bill further to amend the Insurance Act, 1938.

BE it enacted by Parliament in the Sixteenth Year of the Republic of India as follows:—

1. This Act may be called the Insurance (Amendment) Act, 1965. Short title.

1938.

2. In section 3 of the Insurance Act, 1938 (hereinafter referred to as the principal Act),— Amendment of section 3.

(i) after sub-section (2), the following sub-sections shall be inserted, namely:—

"(2A) If, on receipt of an application for registration and after making such inquiry as he deems fit, the Controller is satisfied that—

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(*a*) the financial condition and the general character of management of the applicant are sound;

(*b*) the volume of business likely to be available to, and the capital structure and earning prospects of, the applicant will be adequate;

(*c*) the interests of the general public will be served if the certificate of registration is granted to the applicant in respect of the class or classes of insurance business specified in the application; and

(*d*) the applicant has complied with the provisions of sections 2C, 5, 31A and 32 and has fulfilled all the requirements of this section applicable to him,

the Controller may register the applicant as an insurer and grant him a certificate of registration.

(*2B*) Where the Controller refuses registration, he shall record the reasons for such decision and shall furnish a copy thereof to the applicant.

(*2C*) Any person aggrieved by the decision of the Controller refusing registration may, within thirty days from the date on which a copy of the decision is received by him, appeal to the Central Government.

(*2D*) The decision of the Central Government on such appeal shall be final and shall not be questioned before any court.";

(*ii*) in sub-section (*3*), for the words "In the case of any insurer having his principal place of business or domicile outside India", the following shall be substituted, namely:—

"Notwithstanding anything contained in sub-section (*2A*), in the case of any insurer having his principal place of business or domicile outside India";

(*iii*) sub-section (*6*) shall be omitted.

Amendment of section 110.

3. In section 110 of the principal Act, in clause (*a*) of sub-section (*1*), the words "refusing to register, or" shall be omitted.

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STATEMENT OF OBJECTS AND REASONS

In terms of sub-section (6) of section 3 of the Insurance Act, 1938, it is mandatory on the part of the Controller of Insurance to grant a certificate of registration to an applicant if the requirements as to registration under the Act are complied with. It is not, however, a requirement that the Controller should satisfy himself about the financial condition and the general character of management of the applicant so that the interests of the policy holders are adequately safeguarded. The Government consider that such a requirement is necessary and that the entry of new insurers should be related to the volume of business available so that uneconomic units which may act as a drag on the insurance industry are not allowed to grow. The Bill is intended mainly to give effect to these objects.

NEW DELHI;
The 19th February, 1965.

T. T. KRISHNAMACHARI.

S. L. SHAKDHER,
Secretary.

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भारत का राजपत्र
The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 2

PART II—Section 2

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं० 9] नई दिल्ली, मंगलवार, मार्च 2, 1965/फालगुना 11, 1886

No. 9] NEW DELHI, TUESDAY, MARCH 2, 1965/PHALGUNA 11, 1886

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation

This Bill was introduced in the Rajya Sabha on the 2nd March, 1965:—

BILL No. IX OF 1965

A Bill further to amend the Industries (Development and Regulation) Act, 1951.

BE it enacted by Parliament in the Sixteenth Year of the Republic of India as follows:—

Short title.

1. This Act may be called the Industries (Development and Regulation) Amendment Act, 1965.

65 of 1951.

Amendment of section 18A.

2. In section 18A of the Industries (Development and Regulation) Act, 1951, for the proviso to sub-section (2), the following proviso shall be substituted, namely:—

"Provided that if the Central Government is of opinion that it is expedient in the public interest that any such notified order

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should continue to have effect after the expiry of the period of five years aforesaid, it may from time to time issue directions for such continuance for such period, not exceeding two years at a time, as may be specified in the direction, so however that the total period of such continuance (after the expiry of the said period of five years) does not exceed ten years; and where any such direction is issued, a copy thereof shall be laid, as soon as may be, before both Houses of Parliament.".

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STATEMENT OF OBJECTS AND REASONS

Under section 18A of the Industries (Development and Regulation) Act, 1951, the Central Government is empowered to assume, by a notified order, management or control of an industrial undertaking under certain circumstances. Under sub-section (2) of that section, the notified order may have effect for a maximum period of five years. This period of five year limit may, however, be extended under the proviso to that sub-section but such extension may be given only once. No further extension appears to be permissible under the proviso.

2. The working of the Act has revealed that it is extremely difficult to anticipate, at the outset, the period for which the control or management of an industrial undertaking should be assumed. At the same time, such control or management should not be assumed for a period longer than necessary and it would therefore be undesirable to specify initially an unduly long period for the purpose. The Central Government should therefore have power to extend the five year limit by short periods only at a time, in order that it may have an opportunity of reviewing at reasonable intervals the question whether the purpose of the order made under section 18A has been fulfilled.

3. It is therefore proposed that the period of extension under the proviso should not exceed two years at a time and the total period of such extension should in no case exceed ten years. The Bill seeks to achieve this object.

NEW DELHI;
The 15th February, 1965.

T. N. SINGH.

B. N. BANERJEE,
Secretary.

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1	2	3		
No. of Vote	Services and purposes	Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
46	Cabinet	2,20,000	..	2,20,000
47	Zonal Councils	23,000	..	23,000
48	Administration of Justice	16,000	15,000	31,000
51	Statistics	24,21,000	..	24,21,000
52	Privy Purses and Allowances of Indian Rulers	..	1,99,000	1,99,000
53	Delhi	20,00,000	14,000	20,14,000
54	Andaman and Nicobar Islands	14,12,000	..	14,12,000
55	Laccadive, Minicoy and Amindivi Islands	4,02,000	..	4,02,000
60	Other Revenue Expenditure of the Ministry of Industry	27,000	..	27,000
61	Ministry of Information and Broadcasting	98,000	..	98,000
63	Other Revenue Expenditure of the Ministry of Information and Broadcasting	1,97,000	..	1,97,000
64	Ministry of International Trade	2,50,000	..	2,50,000
67	Ministry of Irrigation and Power	1,46,000	..	1,46,000
72	Labour and Employment	..	17,000	17,000
78	Other Revenue Expenditure of the Ministry of Petroleum and Chemicals	86,11,000	..	86,11,000
79	Ministry of Steel, Mines and Heavy Engineering	13,47,000	..	13,47,000
85	Communications (including National Highways)	1,89,66,000	21,000	1,89,87,000
88	Aviation	20,00,000	..	20,00,000
90	Ministry of Works, Housing and Rehabilitation	88,000	..	88,000
91	Public Works	6,68,31,000	..	6,68,31,000
92	Stationery and Printing	1,62,30,000	..	1,62,30,000

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1	2	3		
No. of Vote	Services and purposes	Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs
93	Expenditure on Displaced Persons	1,15,89,000	..	1,15,89,000
94	Other Revenue Expenditure of the Ministry of Works, Housing and Rehabilitation	86,000	..	86,000
96	Atomic Energy Research	9,75,000	..	9,75,000
97	Department of Parliamentary Affairs	20,000	..	20,000
98	Department of Posts and Telegraphs	64,000	..	64,000
100	Posts and Telegraphs (Working Expenses)	2,98,16,000	5,000	2,98,21,000
103	Department of Supply	1,42,000	..	1,42,000
104	Supplies and Disposals	4,91,000	..	4,91,000
107	Other Revenue Expenditure of the Department of Technical Development	72,000	..	72,000
	CHARGED.—*Union Public Service Commission*	..	4,45,000	4,45,000
120	Commuted Value of Pensions	46,79,000	2,02,000	48,81,000
122	Capital Outlay on Grants to State and Union Territory Governments for Development	1,07,26,000	..	1,07,26,000
123	Loans and Advances by the Central Government	34,00,00,000	85,00,00,000	1,19,00,00,000
	CHARGED.—*Repayment of Debt*	..	2,24,18,00,000	2,24,18,00,000
125	Purchase of Food Grains	86,81,00,000	..	86,81,00,000
126	Other Capital Outlay of the Ministry of Food and Agriculture	4,20,00,000	66,000	4,20,66,000
130	Capital Outlay of the Ministry of Information and Broadcasting	..	1,60,000	1,60,000

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1	2	3		
No. of Vote	Services and purposes	Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
132	Capital Outlay on Multipurpose River Schemes . . .	6,67,00,000	..	6,67,00,000
133	Other Capital Outlay of the Ministry of Irrigation and Power . . .	..	9,000	9,000
135	Capital Outlay of the Ministry of Petroleum and Chemicals .	1,000	..	1,000
136	Capital Outlay of the Ministry of Steel, Mines and Heavy Engineering . . .	1,000	..	1,000
137	Capital Outlay on Roads . .	2,57,05,000	1,000	2,57,06,000
138	Capital Outlay on Ports . .	60,75,000	..	60,75,000
140	Other Capital Outlay of the Ministry of Transport . .	3,000	..	3,000
141	Capital Outlay on Public Works	1,50,00,000	..	1,50,00,000
142	Delhi Capital Outlay . .		15,00,000	15,00,000
145	Capital Outlay on Posts and Telegraphs (Not Met from Revenue)	5,10,00,000	..	5,10,00,000
146	Other Capital Outlay of the Department of Posts and Telegraphs	..	1,000	1,000
	TOTAL . .	1,65,48,86,000	3,09,51,88,000	4,75,00,74,000

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STATEMENT OF OBJECTS AND REASONS

This Bill is introduced in pursuance of article 114(1) of the Constitution of India, read with article 115 thereof, to provide for the appropriation out of the Consolidated Fund of India of the moneys required to meet the supplementary expenditure charged on the Consolidated Fund of India and the grants made by the Lok Sabha for expenditure of the Central Government, excluding Railways, for the financial year 1964-65.

T. T. KRISHNAMACHARI.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE CONSTITUTION OF INDIA

[Copy of letter No. F. 5(2)-B/65, dated the 21st February, 1965 from Shri T. T. Krishnamachari, Minister of Finance to the Secretary, Lok Sabha].

The President having been informed of the subject matter of the proposed Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the services of the year ending on the 31st day of March, 1965, recommends the introduction of the Appropriation Bill, 1965 in the Lok Sabha and also recommends to the Sabha the consideration of the Bill under article 117(1) and (3) of the Constitution read with article 115 thereof.

2. The Bill will be introduced in the Lok Sabha after all the Supplementary Demands for Grants for 1964-65 have been voted.

S. L. SHAKDHER,
Secretary.

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CORRIGENDA

In the Gazette of India Extraordinary, Part II—Section 2, No. 3—

(i) Page 31, in the date line, *for*

"नई दिल्ली, बृहस्पतिवार, फरवरी 18, 1965 / माघ 29, 1886

NEW DELHI, THURSDAY, FEBRUARY 18, 1965/ MAGHA 29, 1886"

read

"नई दिल्ली, शुक्रवार, फरवरी 19, 1965 / माघ 30, 1886

NEW DELHI, FRIDAY, FEBRUARY 19, 1965/MAGHA 30, 1886"; and

(ii) Page 32, line 37 *for* '(v) make a note or an inventory of any such money,' *read* '(iv) place marks of identification on any books of'.

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असाधारण
EXTRAORDINARY
भाग II—खण्ड 2
PART II—Section 2
प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation

LOK SABHA

The following Bills were introduced in Lok Sabha on the 11th May, 1965:—

BILL No. 39 OF 1965.

A Bill to provide for the development under the control of the Union of the Cardamom industry.

BE it enacted by Parliament in the Sixteenth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

Short title, extent and commencement.

1. (1) This Act may be called the Cardamom Act, 1965.

(2) It extends to the whole of India:

Provided that it shall not apply to the State of Jammu and Kashmir except to the extent to which the provisions of this Act relate to the control of export of cardamom from India and import thereof into India.

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint:

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Provided that different dates may be appointed for different provisions of this Act.

Declaration as to expediency of control by the Union.

2. It is hereby declared that it is expedient in the public interest that the Union should take under its control the cardamom industry.

Definitions.

3. In this Act, unless the context otherwise requires,—

(*a*) "Board" means the Cardamom Board established under section 4;

(*b*) "cardamom" means the fruit of cardamom plant and includes green cardamom, bleached cardamom, bleachable white cardamom, sun-dried cardamom, cardamom seeds, powdered cardamom and oil extracted from cardamom;

(*c*) "cardamom plant" means the cardamom plant ELETTARIA CARDAMOMUM MATON and any other plant which the Board may, by notification in the Gazette of India, declare to be a cardamom plant for the purposes of this Act;

(*d*) "Chairman" means the Chairman of the Board;

(*e*) "dealer" means a dealer in cardamom;

(*f*) "Director" means the Director of Cardamom Development appointed under section 7;

(*g*) "estate" means an area administered as one unit which contains land planted with cardamom plants;

(*h*) "export" and "import" mean respectively taking out of or bringing into India by land, sea or air;

(*i*) "owner", in relation to any land planted with cardamom plants, includes—

(*i*) any agent of the owner; and

(*ii*) a mortgagee, lesee or other person in actual possession of the land;

(*j*) "prescribed" means prescribed by rules made under this Act;

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(*k*) "registered estate" means an estate in respect of which an owner is registered under sub-section (*1*) of section 11 and includes any estate in respect of which an owner is required to be registered under the provisions of that sub-section;

(*l*) "registered owner" means an owner of a registered estate, who has been, or is required to be, registered under sub-section (*1*) of section 11;

(*m*) "year" means the period of twelve months beginning with the 1st day of September and ending with the 31st day of August next following.

CHAPTER II

THE CARDAMOM BOARD

4. (*1*) With effect from such date as the Central Government may, by notification in the Official Gazette, specify in this behalf, there shall be established for the purposes of this Act a Board to be called the Cardamom Board.

Establishment and constitution of the Board.

(*2*) The Board shall be a body corporate by the name aforesaid, having perpetual succession and a common seal, with power to acquire, hold and dispose of property, both movable and immovable, and to contract, and shall by the said name sue and be sued.

(*3*) The Board shall consist of the following members, namely:—

(*a*) a Chairman to be appointed by the Central Government;

(*b*) the Director of Cardamom Development, *ex officio*;

(*c*) three Members of Parliament of whom two shall be elected by the House of the People and one by the Council of States;

(*d*) three members to represent respectively the Ministries of the Central Government dealing with—

(*i*) commerce,

(*ii*) agriculture, and

(*iii*) finance;

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(*e*) such number of other members not exceeding fifteen as the Central Government may think expedient, to be appointed by that Government by notification in the Official Gazette from among persons who are in its opinion capable of representing—

(*i*) the Governments of the principal cardamom-growing States;

(*ii*) the cardamom-growing interests;

(*iii*) the cardamom trade interests;

(*iv*) the interests of labour;

(*v*) the consumers; and

(*vi*) such other persons or class of persons who, in the opinion of the Central Government, ought to be represented on the Board.

(4) The number of persons to be appointed as members from each of the categories specified in clause (*e*) of sub-section (3), the term of office of the members of the Board other than the member referred to in clause (*b*) of that sub-section, and the manner of filling vacancies among, and the procedure to be followed in the discharge of their functions by, the members of the Board shall be such as may be prescribed.

(5) Any officer of the Central Government, not being a member of the Board, when deputed by that Government in this behalf shall have the right to attend meetings of the Board and take part in the proceedings thereof but shall not be entitled to vote.

Acts or proceedings of Board or its Committees not to be invalidated.

5. No act or proceeding of the Board or any Committee appointed by it under section 9, shall be invalidated merely by reasons of—

(*a*) any vacancy in, or any defect in the constitution of, the Board or such Committee, or

(*b*) any defect in the appointment of a person acting as a member of the Board or such Committee, or

(*c*) any irregularity in the procedure of the Board or such Committee not affecting the merits of the case.

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Salary and allowances of Chairman.

6. The Chairman shall be entitled to such salary and allowances and such conditions of service in respect of leave, pension, provident fund and other matters as may, from time to time, be fixed by the Central Government.

Executive officers of the Board and other staff.

7. (*1*) The Central Government shall appoint a Director of Cardamom Development to exercise such powers and perform such duties under the Chairman as may be prescribed or as may be delegated to him by the Chairman.

(*2*) The Central Government shall appoint a Secretary to the Board to exercise such powers and perform such duties under the Chairman as may be prescribed or as may be delegated to him by the Chairman.

(*3*) The Director and the Secretary shall be entitled to such salaries and allowances and be governed by such conditions of service regarding leave, pension, provident fund and other matters as may be fixed by the Central Government.

(*4*) Subject to such control and restrictions as may be prescribed, the Board may appoint such other officers and employees as may be necessary for the efficient performance of its functions and pay them such salaries and allowances as it may determine from time to time:

Provided that all officers and other employees of the Directorate of Cardamom Development and Marketing (other than the Director) who hold office as such immediately before the date referred to in sub-section (*1*) of section 4 shall be deemed to have been appointed as officers or employees of the Board with effect from that date and every such officer and employee shall hold his office by the same tenure, at the same remuneration and upon the same terms and conditions and with the same rights and privileges as to pension, leave, provident fund and other matters as he would have held the same if this Act had not been passed, and shall continue to do so unless and until his employment is terminated or until such tenure, remuneration and terms and conditions are altered by the Board with the approval of the Central Government:

Provided further that if the alteration so made is not acceptable to any such officer or employee, his employment may be terminated by the Board in accordance with the terms of the contract, if any, with such officer or employee or, if there be no such contract, on payment to him by the Board of compensation equivalent to three months' remuneration in the case of permanent employees and one month's remuneration in the case of other employees.

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(5) The Chairman, the Director, the Secretary and other employees of the Board shall not undertake any work unconnected with their duties under this Act except with the permission of the Central Government.

Committees of the Board.

8. (1) The Board may appoint such Committees as may be necessary for the efficient discharge of its duties and performance of its functions under this Act.

(2) The Board shall have the power to co-opt as members of any Committee appointed under sub-section (1) such other number of persons who are not members of the Board, as it may think fit.

Functions of the Board.

9. (1) It shall be the duty of the Board to promote, by such measures as it thinks fit, the development under the control of the Central Government of the cardamom industry.

(2) Without prejudice to the generality of the provisions of sub-section (1), the measures referred to therein may provide for—

(a) promoting co-operative efforts among growers of cardamom;

(b) ensuring remunerative returns to growers of cardamom;

(c) financial or other assistance for improved methods of cultivation and processing of cardamom, for replanting cardamom and for extension of cardamom growing areas;

(d) regulating the sale and export of cardamom and stabilisation of prices of cardamom;

(e) training in cardamom testing and fixing grade standards of cardamom;

(f) increasing the consumption in India and elsewhere of cardamom and carrying on propaganda for that purpose;

(g) registering and licensing of brokers (including auctioneers) of cardamom and persons engaged in the business of cardamom;

(h) improving the marketing of cardamom in India and elsewhere;

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(*i*) collecting statistics from growers, dealers and such other persons as may be prescribed on any matter relating to the cardamom industry; the publishing of statistics so collected or portions thereof or extracts therefrom;

(*j*) securing better working conditions and the provisions and improvement of amenities and incentives for workers; and

(*k*) such other matters as may be prescribed.

(*3*) The Board shall perform its functions under this section in accordance with and subject to such rules as may be made by the Central Government.

Dissolution of the Board.

10. (*1*) The Central Government may, by notification in the Official Gazette, direct that the Board shall be dissolved from such date and for such period as may be specified in the notification.

(*2*) When the Board is dissolved under the provisions of sub-section (1),—

(*a*) all members, notwithstanding that their term of office has not expired, shall, from the date of dissolution, vacate their offices as such members;

(b) **all powers and duties of the Board shall, during the period of dissolution, be exercised and performed by such person or persons as the Central Government may appoint in this behalf;**

(c) all funds and other property vested in the Board shall, during the period of dissolution, vest in the Central Government; and

(*d*) as soon as the period of dissolution expires, the Board shall be reconstituted in accordance with the provisions of this Act.

CHAPTER III

REGISTRATION OF OWNERS OF CARDAMOM ESTATES

Registration of owners of cardamom estates.

11. (*1*) Every owner of land planted with cardamom plants, whether such land is comprised in one estate or more than one estate, shall, before the expiration of one month from the date on which he first became owner of such estate or estates or before the expiration of three months from the date of coming into force of this section, whichever is later, apply to the registering officer appointed in this behalf by the State Government to be registered as an owner in respect of each estate owned by him:

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Provided that the State Government may for sufficient reason extend the time-limit for registration by such period as it thinks fit.

(2) Registration once made shall continue to be in force until it is cancelled by the registering officer.

Power of State Government to make rules.

12. (1) The State Government may, by notification in the Official Gazette, make rules to carry into effect the provisions of section 11.

(2) Without prejudice to the generality of the foregoing power, such rules may prescribe the form of the application for registration and for cancellation of registration, the fee payable on such applications, the particulars to be included in such applications, the procedure to be followed in granting and cancelling registration, the registers to be kept by registering officers, and the supply by registering officers of information to the Board.

Returns to be made by registered owners.

13. (1) A registered owner shall furnish to the Board at the prescribed times and in the prescribed manner such returns as may be prescribed.

(2) The Board may authorise an officer to visit any estate at any time to verify the accuracy of any return made under this section or to ascertain the productive capacity of the estate.

CHAPTER IV

FINANCE ACCOUNTS AND AUDIT

Imposition of a cess on cardamom exported.

14. (1) There shall be levied on all cardamom which is exported, a cess for the purposes of this Act at such rate not exceeding two per cent. *ad valorem* as the Central Government may, by notification in the Official Gazette, fix.

(2) The cess levied under sub-section (1) shall be in addition to any cess or duty leviable on cardamom under any other law for the time being in force. 52 of 1962

(3) The provisions of the Customs Act, 1962, and the rules and regulations made thereunder, including those relating to refunds and

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exemptions from duty, shall, as far as may be, apply in relation to the levy and collection of the cess leviable under sub-section (*1*) as they apply in relation to the levy and collection of a duty of customs under that Act or those rules and regulations.

Payment of proceeds of cess to the Board.

15. The proceeds of the cess levied under section 14 shall first be credited to the Consolidated Fund of India and the Central Government may, if Parliament by appropriation made by law in this behalf so provides, pay to the Board from time to time from out of such proceeds, after deducting the expenses of collection, such sums of money as it may think fit for being utilised for the purposes of this Act.

Grants and loans by the Central Government.

16. The Central Government may, after due appropriation made by Parliament by law in this behalf, pay to the Board by way of grants or loans such sums of money as the Central Government may consider necessary.

Constitution of the Fund.

17. (1) There shall be formed a Fund to be called the Cardamom Fund and there shall be credited thereto—

(*a*) the proceeds of the cess made over to the Board by the Central Government;

(*b*) all fees levied and collected in respect of licenses issued under this Act;

(*c*) any other fee that may be levied and collected by the Board under this Act or the rules made thereunder;

(*d*) any grants or loans that may be made by the Central Government for the purposes of the Fund;

(*e*) any grants or loans that may be made by any institution for the purposes of this Act;

(*f*) all sums realised by the Board in carrying out the measures referred to in section 9.

(2) The Fund shall be applied—

(*a*) for meeting the salaries, allowances and other remuneration of the officers and other employees of the Board;

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(*b*) for meeting the other administrative expenses of the Board;

(*c*) for meeting the cost of the measures referred to in section 9;

(*d*) for repayment of any loans from the Central Government or from any institution.

Borrowing powers of the Board.

18. Subject to such rules as may be made in this behalf, the Board shall have power to borrow on the security of the Cardamom Fund or any other asset for carrying out the purposes of this Act.

Accounts and audit.

19. (*1*) The Board shall maintain proper accounts and other relevant records and prepare an annual statement of accounts, including the profit and loss account and the balance-sheet in such form as may be prescribed by the Central Government in consultation with the Comptroller and Auditor-General of India.

(*2*) The accounts of the Board shall be audited by the Comptroller and Auditor-General of India at such intervals as may be specified by him and any expenditure incurred in connection with such audit shall be payable by the Board to the Comptroller and Auditor-General.

(*3*) The Comptroller and Auditor-General of India and any person appointed by him in connection with the audit of the accounts of the Board shall have the same rights and privileges and authority in connection with such audit as the Comptroller and Auditor-General has in connection with the audit of Government accounts, and in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any of the offices of the Board.

(*4*) The accounts of the Board as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf together with the audit report thereon shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before each House of Parliament.

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CHAPTER V

CONTROL BY CENTRAL GOVERNMENT

Power to control price and distribution of cardamom.

20. (*1*) The Central Government may, by order notified in the Official Gazette, fix in respect of cardamom of any description specified therein—

(*a*) the maximum price or the minimum price, or the maximum and minimum prices, which may be charged by a grower of cardamom or cardamom dealer, wholesale or retail, whether for the Indian market or for export;

(*b*) the maximum quantity which may in one transaction be sold to any person.

(*2*) Without prejudice to the generality of the powers conferred by sub-section (*1*), any order made thereunder may provide—

(*a*) for requiring persons engaged in the production, supply or distribution of, or trade and commerce in, cardamom to maintain and produce for inspection such books, accounts and records relating to their business and to furnish such information relating thereto as may be specified in the order;

(*b*) for such other matters, including in particular the entering and search of premises, vehicles, vessels and aircraft, the seizure by a person authorised to make such search, of cardamom in respect of which such person has reason to believe that a contravention of the order has been, is being or is about to be committed.

Power to prohibit or control imports and exports of cardamom.

21. (*1*) The Central Government may, by order published in the Official Gazette, make provision for prohibiting restricting or otherwise controlling the import or export of cardamom, either generally or in specified classes of cases.

(*2*) All goods to which any order under sub-section (*1*) applies shall be deemed to be goods of which the import or export has been prohibited or restricted under section 11 of the Customs Act, 1962, and all the provisions of that Act shall have effect accordingly.

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(*3*) If any person contravenes any order made under sub-section (*1*), he shall, without prejudice to any confiscation or penalty to which he may be liable under the provisions of the Customs Act, 1962,

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as applied by sub-section (2), be punishable with imprisonment for a term which may extend to one year or with fine or with both.

Directions by Government.

22. The Board shall carry out such directions as may be issued to it from time to time by the Central Government for the efficient administration of this Act.

CHAPTER VI

MISCELLANEOUS

Penalty for making false returns.

23. Any person who being required by or under this Act to furnish any return fails to furnish such return or furnishes a return containing any particular which is false and which he knows to be false or does not believe to be true shall be punishable with fine which may extend to five hundred rupees.

Penalties for obstructing an officer or member of the Board in the discharge of his duties and for failure to produce books and records.

24. Any person who—

(*a*) obstructs any member authorised by the Chairman in writing or any officer or other employee of the Board authorised by it in this behalf or any person authorised in this behalf by the Central Government or by the Board, in the exercise of any power conferred, or in the discharge of any duty imposed, on him by or under this Act; or

(*b*) having control over or custody of any account book or other record, fails to produce such book or record when required to do so by or under this Act,

shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

Penalty for contravention of order relating to control of price etc.

25. (*1*) If any person contravenes any order made under section 20, he shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both; and the property in respect of which the order has been contravened or such part thereof as the Court may deem fit, shall be forfeited to the Central Government.

(*2*) Any person who attempts to contravene, or abets the contravention of, any order under section 20 shall be deemed to have contravened that order.

Other penalties.

26. Whoever contravenes or attempts to contravene or abets the contravention of the provisions of this Act or of any rules made there

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under other than the provisions, punishment for the contravention whereof has been provided for in sections 21, 23, 24 and 25, shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both, and in the case of a continuing contravention with an additional fine which may extend to fifty rupees for every day during which such contravention continues after conviction for the first such contravention.

Offences by companies.

27. (*1*) Where an offence under this Act has been committed by a company, every person who at the time the offence was committed was in charge of, and was responsible to, the company for the conduct of the business of the company as well as the company shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment, if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(*2*) Notwithstanding anything contained in sub-section (*1*), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section—

(*a*) "company" means any body corporate and includes a firm or other association of individuals; and

(*b*) "director", in relation to a firm, means a partner in the firm.

Jurisdiction of court.

28. No court inferior to that of a Presidency Magistrate or a Magistrate of the first class shall try any offence punishable under this Act.

Previous sanction of Central Government.

29. No prosecution for any offence punishable under this Act shall be instituted except with the previous sanction of the Central Government.

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30. No suit, prosecution or other legal proceeding shall lie against the Government, or the Board or any committee appointed by it, or any member of the Board or such committee, or any officer or employee of the Government or the Board or any other person authorised by the Government or the Board, for anything which is in good faith done or intended to be done under this Act or the rules made thereunder.

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31. The Central Government may, by order notified in the Official Gazette, direct that any power exercisable by it under this Act may also be exercised, in such cases and subject to such conditions, if any, as may be specified in the order, by such officer or authority as may be specified therein.

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n of Act.

32. (*1*) If the Central Government is satisfied that circumstances have arisen rendering it necessary that certain of the restrictions imposed by this Act should cease to be imposed or if it considers it necessary or expedient so to do in the public interest, the Central Government may, by notification in the Official Gazette, suspend or relax to a specified extent, either indefinitely or for such period as may be specified in the notification, the operation of all or any of the provisions of this Act.

(*2*) Where the operation of any provision of this Act has under sub-section (*1*) been suspended or relaxed indefinitely, such suspension or relaxation may at any time while this Act remains in force be removed by the Central Government by notification in the Official Gazette.

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33. (*1*) The Central Government may, by notification in the Official Gazette, make rules to carry out the purposes of this Act.

(*2*) Without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(*a*) the number of persons to be appointed as members from each of the categories specified in clause (*e*) of sub-section (3) of section 4, the term of office and other conditions of service of the members of the Board and the procedure to be followed in the discharge of their functions by, and the manner of filling vacancies among such members;

(*b*) the circumstances in which, and the authority by which a member of the Board may be removed;

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(*c*) the procedure to be followed at meetings of the Board and Committees thereof for the conduct of business and the number of members which shall form a quorum at a meeting;

(*d*) the maintenance by the Board of records of business transacted by the Board and the submission of copies thereof to the Central Government;

(*e*) the holding of a minimum number of meetings of the Board every year;

(*f*) the powers of the Board, its Chairman, the Director and Committees of the Board with respect to the incurring of expenditure;

(*g*) the conditions subject to which the Board may incur expenditure outside India;

(*h*) the preparation of budget estimates of receipts and expenditure of the Board and the authority by which the estimates are to be sanctioned;

(*i*) the form and the manner in which the accounts should be kept by the Board;

(*j*) the deposit of the funds of the Board in banks and the investment of such funds;

(*k*) the conditions subject to which the Board may borrow;

(*l*) the conditions subject to which and the manner in which contracts may be entered into by or on behalf of the Board;

(*m*) the delegation to the Chairman or Director or members or officers of the Board of any of the powers and duties of the Board under this Act;

(*n*) the staff which may be employed by the Board and the pay and allowances and leave and other conditions of service of officers (other than those appointed by the Central Government) and other employees of the Board;

(*o*) the additional matters in respect of which the Board may undertake measures in the discharge of its functions;

(*p*) the travelling and other allowances of members of the Board and of Committees thereof;

(*q*) the remuneration and other allowances payable to the person or persons referred to in clause (*b*) of sub-section (2) of section 10;

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(*r*) the maintenance of the registers and other records of the Board and its various Committees;

(*s*) the appointment by the Board of agents to discharge on its behalf any of its functions;

(*t*) the form of, and the particulars to be contained in, any returns or reports to be made to the Board under this Act;

(*u*) the form of and the manner of making application for licences issued by the Board, the fees payable for such application and the procedure to be followed in granting, and the conditions governing, such licences;

(*v*) the collection of any information or statistics in respect of cardamom;

(*w*) any other matter (other than a matter specified in section 12) which is to be or may be prescribed or provided for by rules under this Act.

(3) Every rule made by the Central Government under this section shall be laid, as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and if, before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

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STATEMENT OF OBJECTS AND REASONS

The annual production of cardamom, a plantation crop grown mainly in the hilly regions of Kerala, Mysore and Madras, is at present of the order of 3,000 tonnes of which about 65 to 70 per cent. is exported, earning around Rs. 3 crores of foreign exchange for the country. In the World trade in this commodity, India has a near monopoly. It is thus a plantation commodity with a preponderant export angle. A substantial increase in foreign exchange earnings through Cardamom exports can be brought about by undertaking suitable measures of assistance to planters for development of their plantation and by proper arrangements for the marketing and export of this commodity.

Export prices of cardamom have been widely fluctuating over the years. This uncertainty of prices has resulted in planters of cardamom, most of whom are small growers with inadequate financial resources of their own, being unable to maintain and develop their plantations on sound lines. Leading Associations of Cardamom planters have been representing that to help the cardamom growers in realizing fair returns for their produce and the industry to develop on sound and progressive lines, a statutory Board should be set up for undertaking measures of assistance for development and activities relating to proper marketing of the commodity.

In order to maintain steady export prices, secure better returns for the producers and increase the foreign exchange earnings from Cardamom exports, certain interim measures were taken. These interim measures gave some relief to the cardamom growers and helped to arrest the downward trend of prices and increase export prices of cardamom. Need, however, still exists for long-term measures for looking after the marketing aspects of cardamom with a view particularly to increase its export potential and for assistance to the growers for development purposes. The Cardamom Development and Marketing Advisory Committee, which was set up in February, 1963, also recommended the early constitution of a statutory Board for Cardamon for looking after the development and marketing aspects of the industry. After careful consideration, Government of India has come to the conclusion that a statutory Board to be known as the Cardamom Board should be set up. The

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Board is proposed to be constituted, among others, with the representatives of the growers of cardamom, exporters of cardamom and Governments of the cardamom producing states. It is proposed to vest the Board with adequate powers to undertake suitable measures for development of the Cardamom Industry, such as the promotion of co-operatives of the small growers, grant of loans to planters for improved methods of cultivation, processing, replanting and extensions, undertaking marketing activities with a view to increase the export potential of the commodity, operating price support measures, supplying machinery and equipment on hire-purchase basis to planters, assisting planters in the procurement of fertilizers, pesticides and other allied objectives. The object of the Bill is to take powers for setting up a statutory Board for Cardamom mainly with a view to enable it to undertake the activities mentioned above.

MANUBHAI SHAH.

NEW DELHI;
The 7th May, 1965.

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FINANCIAL MEMORANDUM

The Cardamom Bill, 1965, provides for the control by the Union of the Cardamom Industry and, for that purpose, proposes to establish a Cardamom Board and to levy a cess at a rate not exceeding two per cent. *ad valorem* on all cardamom exported.

2. Under clause 4(*3*) read with clause 6 of the Bill, the Board will have a Chairman who will have to be paid such salary and allowances as may be determined by the Central Government. Under clauses 7(*1*) and 7(*2*), a Director of Cardamom Development and a Secretary to the Board have to be appointed for exercising such powers and performing such duties under the Chairman as may be prescribed. Under clause 7(*3*), the Director and Secretary will have to be paid such salary and allowances as may be determined by the Central Government. Under clause 7(*4*), the Board may appoint such officers and employees as may be necessary for the efficient performance of its functions and pay them such salaries and allowances as it may determine from time to time. Provision has also been made for the making of rules in regard to the payment of travelling and other allowances to the members of the Board and of its committees and the payment of remuneration to any person or persons appointed to perform the functions of the Board during the period of its dissolution.

3. It is not possible at the present stage to indicate precisely what expenditure will be incurred on the proposed Cardamom Board. It is, however, estimated that initially the expenditure will not exceed Rs. 3 lakhs per annum.

4. Clause 16 of the Bill provides for grants of loans to be paid to the Board by the Central Government. The amount of such payments will depend on the level of the actual proceeds of the cess on cardamom and the amounts required by the Board to meet its expenses, taking into account the scope of its activities. It is, therefore, not possible to determine the exact amount of expenditure that is likely to be incurred in this behalf. The amount of the grant to be given by Government is, however, expected to be within the realisations from the cess. No such expenditure will, in any case, be incurred without due appropriation made by Parliament by law in this behalf.

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MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 12 of the Bill empowers the State Government to make rules to give effect to the provisions of clause 11 regarding registration of owners of cardamom estates and in particular for prescribing the form of application for registration and the fee payable on such application, for cancellation of registration, etc.

Clause 33 of the Bill gives power to the Central Government to make rules to carry out the purposes of the Bill. The matters in respect of which rules may be made relate, among others, to the term of office and other conditions of service of the members of the Board, the procedure to be followed at meetings of the Board and committees thereof, the travelling and other allowances payable to members of the Board and its committees, the form and the manner in which the accounts of the Board are to be maintained, the deposit and investment of the funds of the Board and other matters of a procedural or administrative nature.

The matters in respect of which provision may be made in the rules framed by the State Government and the Central Government are generally matters of procedure or detail. The delegation of legislative power is, therefore, of a normal character.

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BILL NO. 36 OF 1965

A Bill to provide for the institution of a provident fund for seamen.

BE it enacted by Parliament in the Sixteenth Year of the Republic of India as follows:—

1. (*1*) This Act may be called the Seamen's Provident Fund Act, 1965. Short title and application.

(*2*) Unless otherwise expressly provided, the provisions of this Act shall apply to every seaman and to the employer of such seaman.

2. In this Act, unless the context otherwise requires,— Definitions.

(*a*) "agreement with the crew" means the agreement referred to in section 100 or, as the case may be, section 114 of the Merchant Shipping Act;

(*b*) "Board" means the Board of Trustees of the Seamen's Provident Fund constituted under section 5;

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(*c*) "continuous discharge certificate" means the certificate referred to in section 99 of the Merchant Shipping Act;

(*d*) "contribution" means a contribution payable in respect of a member under the Scheme;

(*e*) "employer", in relation to a seaman, means the owner of the ship on which the seaman is employed or engaged, or the agent of such owner or the master of the ship;

(*f*) "Fund" means the Seamen's Provident Fund established under the Scheme;

(*g*) "Government" means the Central Government;

(*h*) "master" and "ship" have the meanings respectively assigned to them in the Merchant Shipping Act;

(*i*) "member" means a seaman who is in possession of a continuous discharge certificate and who is admitted as a member of the Fund;

(*j*) "Merchant Shipping Act" means the Merchant Shipping Act, 1958; 44 of 1958.

(*k*) "Scheme" means the Seamen's Provident Fund Scheme framed under sub-section (*1*) of section 3;

(*l*) "seaman" means a person employed or engaged as a member of the crew of a ship under the Merchant Shipping Act but does not include a master, navigating or engineering officer, radio officer, medical officer, welfare officer, purser, electrician, nurse, musician, pilot, apprentice or deck barber;

(*m*) "service" means the period of employment of a seaman under the agreement with the crew and includes any period in respect of which wages are paid or are payable to him;

(*n*) "wages" means the basic wages for the time being payable to a seaman under the agreement with the crew and includes—

(*i*) any remuneration to which he is entitled in respect of holidays or any leave period;

(*ii*) any increase of such wages in accordance with such agreement or any other agreement between the parties;

but does not include the overtime allowance.

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3. (*1*) The Government may, by notification in the Official Gazette, frame a scheme to be called the Seamen's Provident Fund Scheme for the establishment of a provident fund for seamen and there shall be established, as soon as may be after the framing of the Scheme, a Fund in accordance with the provisions of this Act and the Scheme.

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(2) Subject to the provisions of this Act, the Scheme may provide for all or any of the matters specified in the Schedule to this Act.

(3) The Scheme may provide that any of its provisions shall take effect either prospectively or retrospectively on such date as may be specified in this behalf in the Scheme.

(4) The Scheme shall have effect notwithstanding anything contained in any law for the time being in force other than this Act or in any instrument having effect by virtue of any law other than this Act.

(5) The Government may, by notification in the Official Gazette, add to, amend, vary or rescind the Scheme.

4. (1) The Fund referred to in sub-section (1) of section 3 shall vest in, and be administered by, the Board constituted under section 5.

Vesting of Fund, etc.

(2) The moneys in the Fund shall be applied for—

(a) meeting the pay and allowances of the employees of the Board and other administrative expenses of the Board;

(b) carrying out the purposes of this Act.

(3) All moneys in the Fund shall be deposited in the State Bank of India or be invested in such securities as may be approved by the Government.

5. (1) The Government shall, by notification in the Official Gazette, constitute, with effect from such date as may be specified therein, a Board to be known as the Board of Trustees of the Seamen's Provident Fund which shall be a body corporate having perpetual succession and a common seal and may, by that name, sue and be sued.

Constitution of Board of Trustees.

(2) The head office of the Board shall be in Bombay or at such other place as the Government may, by notification in the Official Gazette, specify.

(3) The Board shall consist of—

(a) a Chairman to be appointed by the Government;

(b) not more than three persons appointed by the Government from amongst its officials;

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(c) three persons representing employers, to be appointed by the Government after consultation with such organisation or organisations of employers as may be recognised by the Government in this behalf;

(d) three persons representing seamen, to be appointed by the Government after consultation with such organisation or organisations of seamen as may be recognised by the Government in this behalf.

(4) The terms and conditions subject to which a member of the Board may be appointed and the time, place and procedure of the meetings of the Board, including the quorum, shall be such as may be provided for in the Scheme.

(5) The Board shall administer the Fund vested in it in such manner as may be specified in the Scheme.

(6) The Board shall perform such other functions as it may be required to perform by or under any provision of the Scheme.

Committees.

6. (1) The Board may, from time to time, constitute one or more committee or committees for exercising any power or discharging any duty of the Board or for inquiring into, or reporting and advising on, any matter which the Board may refer to such committee or committees.

(2) A committee may include persons who are not members of the Board but their number shall not exceed one-half of its strength.

Appointment of employees of Board.

7. (1) The Government shall appoint a Seamen's Provident Fund Commissioner who shall be the chief executive officer of the Board and shall be subject to the general control and superintendence of the Board.

(2) The Government may also appoint as many Deputy Seamen's Provident Fund Commissioners and other officers whose maximum monthly salary is not less than six hundred rupees, as it may consider necessary, to assist the Seamen's Provident Fund Commissioner in the discharge of his duties.

(3) The Board may appoint such other officers and employees as it may consider necessary for the efficient administration of the Scheme.

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(4) No appointment to the post of the Seamen's Provident Fund Commissioner or Deputy Seamen's Provident Fund Commissioner or to any other post carrying a maximum monthly salary of not less than six hundred rupees shall be made except after consultation with the Union Public Service Commission:

Provided that no such consultation shall be necessary in regard to any such appointment—

(*a*) for a period not exceeding one year; or

(*b*) if the person to be appointed is at the time of his appointment—

(*i*) a member of the Indian Administrative Service; or

(*ii*) in the service of the Government in a Class I or Class II post or in the service of the Board.

(5) The method of recruitment, salary and allowances, discipline and other conditions of service of the Seamen's Provident Fund Commissioner and of the officers referred to in sub-section (2) shall be such as may be specified by the Government.

(6) The method of recruitment, salary and allowances, discipline and other conditions of service of other officers and employees of the Board shall be such as may be specified by the Board with the approval of the Government.

(7) All persons appointed under this section shall be the employees of the Board.

Contributions.

8. (1) Every employer to whom this Act applies shall, in respect of each seaman (being a member) employed by him, contribute to the Fund for the period beginning with the 1st day of July, 1964 and ending with the 31st day of March, 1968, at the rate of six per cent., and thereafter at the rate of eight per cent., of the wages paid or payable to each such seaman and every such seaman shall also contribute to the Fund an amount equal to the contribution payable by the employer in respect of him:

Provided that the amount of contribution aforesaid shall, in so far as it relates to the period prior to the commencement of the Scheme, be payable by the employer or, as the case may be, by the seaman only on such date (being a date not earlier than sixty days after the commencement of the Scheme) as the Government may, by notification in the Official Gazette, specify in this behalf.

(2) The employer shall pay, in respect of each seaman (being a member) employed by him, both the employer's contribution and the employee's contribution and shall be entitled to recover from

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the seaman the employee's contribution by deduction from his wages and not otherwise.

(3) **Every employer shall also pay such sums of money as may be specified in the Scheme towards the cost of administering the Fund.**

(4) Where the amount of any contribution under sub-section (1) or any sum payable under sub-section (3) contains a part of a rupee, then, if such part is fifty paise or more, it shall be increased to one complete rupee and if such part is less than fifty paise it shall be ignored.

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9. (1) The Seamen's Provident Fund Commissioner or any Deputy Seamen's Provident Fund Commissioner may, by order, determine the amount due from any employer under any provision of this Act or of the Scheme and for this purpose may conduct such inquiry as he may deem necessary.

(2) The officer conducting the inquiry under sub-section (1) shall, for the purposes of such inquiry, have the same powers as are vested in a court under the Code of Civil Procedure, 1908, for trying a suit in respect of the following matters, namely:— 5 of 1908.

(a) enforcing the attendance of any person or examining him on oath;

(b) requiring the discovery and production of documents;

(c) receiving evidence on affidavit;

(d) issuing commission for the examination of witnesses;

and any such inquiry shall be deemed to be a judicial proceeding within the meaning of sections 193 and 288, and for the purpose of section 196, of the Indian Penal Code. 45 of 1860.

(3) No order shall be made under this section unless the employer has been given a reasonable opportunity of representing his case.

(4) An order made under this section shall be final and shall not be questioned in any court of law.

Iode of ecovery f moneys ue from mployers.

10. Any amount due from an employer in respect of any contribution payable to the Fund, or damages recoverable under section 18 or any charges payable by him under any other provision of this Act or under any provision of the Scheme, may, if the amount is in arrear, be recovered by the Government in the same manner as an arrear of land revenue.

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Fund deemed to be recognised Provident Fund under Act 43 of 1961.

11. For the purposes of the Income-tax Act, 1961, the Fund shall be deemed to be a recognised provident fund within the meaning of that Act.

Protection against attachment.

12. (*1*) The amount standing to the credit of any member in the Fund shall not in any way be capable of being assigned or charged and shall not be liable to attachment under any decree or order of any court in respect of any debt or liability incurred by the member, and neither the official assignee appointed under the Presidency Towns Insolvency Act, 1909, nor any receiver appointed under the Provincial Insolvency Act, 1920, shall be entitled to, or have any claim on, any such amount.

3 of 1909.

5 of 1920.

(*2*) Any amount standing to the credit of any member in the Fund at the time of his death and payable under the Scheme to his nominee shall, subject to any deduction authorised by the Scheme, vest in the nominee and shall be free from any debt or other liability incurred by the deceased or the nominee before the death of the member.

Priority of payment of contributions over other debts.

13. Where any employer is adjudicated insolvent, or, being a company, an order for winding up is made, the amount due from the employer in respect of any contribution payable to the Fund, damages recoverable under section 18 or any charges payable by him under any other provision of this Act or under any provision of the Scheme shall, where the liability therefor has accrued before the order of adjudication or winding up is made, be deemed to be included among the debts which under section 49 of the Presidency Towns Insolvency Act, 1909, or under section 61 of the Provincial Insolvency Act, 1920, or under section 530 of the Companies Act, 1956, are to be paid in priority to all other debts in the distribution of the property of the insolvent or the assets of the company being wound up, as the case may be.

3 of 1909.

5 of 1920.

1 of 1956.

Employer not to reduce wages.

14. No employer shall, by reason only of his liability for the payment of any contribution to the Fund or any charges under this Act or the Scheme, reduce, whether directly or indirectly, the wages of any seaman to whom the Scheme applies or the total quantum of benefits in the nature of old age pension, gratuity or provident fund to which the seaman is entitled under the agreement with the crew or any other agreement between the parties.

Inspectors.

15. (*1*) The Government may, by notification in the Official Gazette, appoint such employees of the Board, as the Government

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thinks fit, to be Inspectors for the purposes of this Act and the Scheme, and may define their jurisdiction.

(2) Every Inspector appointed under sub-section (1) may, for the purpose of inquiring into the correctness of any information furnished in connection with this Act or the Scheme or for the purpose of ascertaining whether any of the provisions of this Act or of the Scheme have been complied with—

(a) require an employer to furnish such information as he may consider necessary in relation to the Scheme;

(b) at any reasonable time and with such assistance, if any, as he may think fit, enter any office or board any ship search the same and require any one found in charge thereof to produce before him for examination any accounts, books, registers and other documents in relation to the employment of seamen or the payment of wages to seamen;

(c) examine, with respect to any matter relevant to any of the purposes aforesaid, the employer, his agent or servant or any other person found in charge of the office or the ship or whom the Inspector has reasonable cause to believe to be, or to have been, an employee in the office or on the ship;

(d) make copies of, or take extracts from, any book, register or other document maintained in connection with the Fund and, where he has reason to believe that any offence under this Act has been committed by an employer, seize with such assistance as he may think fit such book, register or other document or portions thereof as he may consider relevant in respect of that offence;

(e) exercise such other powers as the Scheme may provide.

(3) The provisions of the Code of Criminal Procedure, 1898 shall, as far as may be, apply to any search or seizure under sub-section (2) as they apply to any search or seizure made under the authority of a warrant issued under section 98 of the said Code. 5 of 1898.

(4) Every Inspector shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code. 45 of 1860.

ties. 16. (1) Whoever, for the purpose of avoiding any payment to be made by himself under this Act or under the Scheme or of enabling any other person to avoid such payment, knowingly makes or causes to be made any false statement or false representation shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

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(2) The Scheme may provide that any person who contravenes, or makes default in complying with, any of the provisions thereof shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

(3) Whoever contravenes or makes default in complying with any provision of this Act shall, if no other penalty is elsewhere provided by or under this Act for such contravention or non-compliance, be punishable with imprisonment which may extend to three months, or with fine which may extend to one thousand rupees, or with both.

(4) No court shall take cognizance of any offence punishable under this Act or under the Scheme except on a report in writing of the facts constituting such offence made by the Seamen's Provident Fund Commissioner or by an Inspector appointed under sub-section (1) of section 15, with the previous sanction of such authority as may be specified in this behalf by the Government.

Offences by companies.

17. (1) If the person committing an offence under this Act or the Scheme is a company, every person who at the time the offence was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment, if he proves that the offence was committed without his knowledge or that he exercised due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act or the Scheme has been committed by a company, and it is proved that the offence was committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

(3) Where any offence under this Act or the Scheme is committed by a company not registered in India and such a company has an agent in India which agent is also a company, then the provisions of this section shall apply to such agent as if the offence was committed by that agent.

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Explanation.—For the purposes of this section—

(*a*) "company" means any body corporate and includes a firm and other association of individuals; and

(*b*) "director", in relation to a firm, means a partner in the firm.

Power to recover damages.

18. Where any employer makes default in the payment of any contribution to the Fund or in the payment of any charges payable under any other provision of this Act or under the Scheme, the Government may recover from the employer such damages, not exceeding twenty-five per cent. of the amount of arrears, as it may think fit.

Transfer of account.

19. Where a seaman leaves the seafaring profession with no present intention of resuming that profession and obtains employment in any establishment to which the Employees' Provident Funds Act, 1952, applies, the amount standing to the credit of such seaman in the Fund shall be transferred, within such time as may be specified by the Board in this behalf, to the credit of his account in the provident fund of that establishment, if the seaman so desires and the rules in relation to that provident fund permit such transfer. 19 of 1952.

Power to exempt.

20. (*1*) The Board may, by order in writing, exempt any seaman to whom this Act applies and his employer from the operation of all or any of the provisions of this Act if, in the opinion of the Board, the seaman is in enjoyment of benefits in the nature of provident fund or pension and such benefits, separately or jointly are on the whole not less favourable to the seaman than the benefits provided by or under this Act.

(*2*) Where an exemption has been granted under sub-section (*1*), the employer shall not at any time after the grant of the exemption, without the leave of the Board, reduce the total quantum of benefits in the nature of provident fund, pension or gratuity to which the seaman was entitled at the time of grant of such exemption.

(*3*) Any exemption granted under this section may be cancelled by the Board, by order in writing, if the employer fails to comply with the requirements of sub-section (*2*):

Provided that no such order shall be made unless the employer has been given a reasonable opportunity of showing cause against the proposed cancellation.

Protection for acts done in good faith.

21. No suit or other legal proceeding shall lie against the Government or the Board or any officer or employee thereof in respect

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of anything which is in good faith done or intended to be done under this Act or under the Scheme.

Delegation.

22. (*1*) The Government may, by order, direct that any power or duty which by this Act or by the Scheme is conferred or imposed upon the Government (other than the power to frame a scheme under section 3) shall, in such circumstances and under such conditions, if any, as may be specified in the direction, be exercised or discharged also by such officer or authority as may be so specified.

(*2*) The Board may, with the prior approval of the Government, delegate to its Chairman or to any of its employees, subject to such conditions and limitations, if any, as it may specify, such of its functions under this Act as it may deem necessary for the efficient administration of the Scheme.

Power to remove difficulties.

23. If any difficulty arises in giving effect to the provisions of this Act, the Government may make such order or give such direction, not inconsistent with the provisions of this Act, as appears to it to be necessary or expedient for the removal of the difficulty, and any such order shall be final.

Scheme to be laid before Houses of Parliament.

24. Any Scheme framed under this Act shall be laid, as soon as may be after it is framed, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and, if before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in any provision of the Scheme or both Houses agree that any provision in the Scheme should not be made, that provision of the Scheme shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that provision.

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THE SCHEDULE

[*See* section 3(2)]

Matters for which provision may be made in the Scheme

1. Seamen who shall join the Fund.

2. The time and manner in which contributions shall be made to the Fund by employers and by, or on behalf of, seamen.

3. The payment by the employer of such sums of money as may be necessary to meet the cost of administering the Fund and the rate at which and the manner in which the payment shall be made.

4. Other functions of the Board.

5. The constitution of any committee for assisting the Board.

6. The opening of regional and other offices of the Board.

7. The manner in which accounts shall be kept, the investments of moneys belonging to the Fund in accordance with the directions issued or conditions specified by the Government, the preparation of the budget, the audit of accounts and the submission of reports to the Government.

8. The conditions under which withdrawals from the Fund may be permitted and any deductions or forfeiture may be made and the maximum amount of such deduction or forfeiture.

9. The fixation by the Government in consultation with the Board of the rate of interest payable to members.

10. The form in which a seaman shall furnish particulars about himself and his family whenever required.

11. The nomination of a person by a member to receive the amount standing to his credit after his death and the cancellation or variation of such nomination.

12. The registers and records to be maintained with respect to seamen and the returns to be furnished by employers.

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13. The fees to be levied for any of the purposes specified in this Schedule.

14. The contraventions or defaults which shall be punishable under section 16.

15. Further powers, if any, which may be exercised by Inspectors.

16. The conditions under which a member may be permitted to pay premia on life insurance from the Fund.

17. Any other matter which is to be provided for in the Scheme or which may be necessary or proper for the purpose of implementing the Scheme.

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STATEMENT OF OBJECTS AND REASONS

The question of providing social security for Seafarers has been under consideration of the Government of India for a long time. The National Welfare Board for Seafarers, a statutory body, set up under the Merchant Shipping Act, 1958, at its meeting held at Madras on 11th January, 1964, appointed a Tripartite Committee comprising of the representatives of the Shipowners, Seamen and Government. This Committee recommended that Contributory Provident Fund Scheme for seamen should be introduced with effect from 1st July, 1964, the rate of contribution by the employee as well as the employer being 6% of the wages up to 31-3-1968 and 8% of the wages thereafter. The report of the Tripartite Committee was placed before the National Welfare Board for Seafarers at its meeting held in Bombay on the 23rd December, 1964 and was unanimously approved by the Board.

2. The Bill which generally follows the pattern of the Employees' Provident Funds Act, 1952, seeks to implement the above recommendations of the National Welfare Board for Seafarers. To begin with, the proposed Provident Fund Scheme will benefit about 50,000 seamen.

NEW DELHI;
The 4th May, 1965. NITYANAND KANUNGO.

PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274 OF THE CONSTITUTION OF INDIA

[Copy of Letter No. 14-MT(3)/64, dated the 4th May, 1965 from Shri Nityanand Kanungo, Minister of Civil Aviation to the Secretary, Lok Sabha].

The President, having been informed of the subject matter of the Bill to provide for the institution of a Provident Fund for Seamen, recommends under article 117(1) and 117(3) read with article 274(1) of the Constitution of India, the introduction of the said Bill in the Lok Sabha and also recommends to the Lok Sabha the consideration of the Bill.

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FINANCIAL MEMORANDUM

The Seamen's Provident Fund Scheme, when framed, will be administered through a Board of Trustees. All expenses relating to the administration of the Fund will be met from the Administration Account of the Fund. Accordingly sub-clause (*3*) of clause 8 provides that every employer shall pay to the Board such sums of money as may be specified in the Scheme towards the cost of administering the Fund.

2. Pending the realisation of the administration charges from the employers, all expenses in connection with the establishment of the Fund will be incurred by the Central Government and treated as a loan, repayable, with interest, from the Administration Account of the Fund. The initial expenditure to be incurred by the Government by way of loan is estimated at about Rs. 1 lakh.

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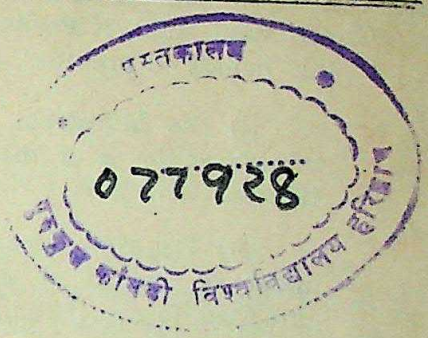
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MEMORANDUM REGARDING DELEGATED LEGISLATION

Sub-clause (*1*) of clause 3 of the Bill provides that the Central Government may, by notification in the Official Gazette, frame a scheme to be called the Seamen's Provident Fund Scheme for the purpose of instituting a provident fund for seamen employed under agreements with the crew. The matters which may be provided for in the Scheme have been specified in the Schedule; they *inter alia* relate to the time and manner in which contributions shall be made to the Fund, the manner in which accounts shall be kept, the conditions under which withdrawals from the Fund may be permitted, the registers and records to be maintained by employers and the fees to be levied for any of the purposes specified in the Schedule. These are matters of procedure and administrative detail and it is hardly practicable to provide for them in the Bill itself. The delegation of legislative power is, thus, of a normal character.

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BILL No. 40 OF 1965

A Bill to amend the Delhi Motor Vehicles Taxation Act, 1962.

BE it enacted by Parliament in the Sixteenth Year of the Republic of India as follows:—

1. This Act may be called the Delhi Motor Vehicles Taxation (Amendment) Act, 1965. Short title.

of 1962. 5 2. For section 20 of the Delhi Motor Vehicles Taxation Act, 1962 (hereinafter referred to as the principal Act), the following section shall be substituted, namely:— Substitution of new section for section 20.

"20. The proceeds of the tax collected under this Act (which shall form part of the Consolidated Fund of India) reduced by the cost of collection as determined by the Central Utilization of the proceeds of tax.

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Government shall, if Parliament by appropriation made by law in this behalf so provides, be paid to,—

(*i*) the Municipal Corporation of Delhi established under section 3 of the Delhi Municipal Corporation Act, 1957; 5 66 of 1957.

(*ii*) the New Delhi Municipal Committee established under section 11 of the Punjab Municipal Act, 1911, as extended to Delhi; and Punjab Act 3 of 1911.

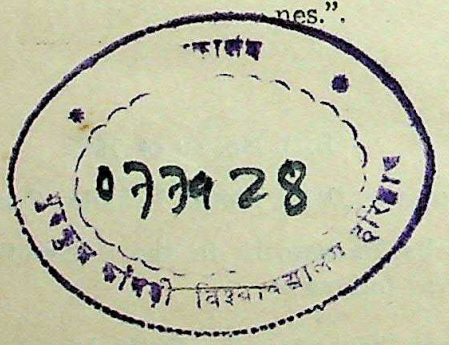
(*iii*) the Cantonment Board, Delhi, constituted under the Cantonments Act, 1924, 10 2 of 1924.

for the performance of their respective functions under the said Acts and the payment shall be made in such proportion as may be prescribed.".

Amendment of Schedule I.

3. In Part A of Schedule I to the principal Act, in item III, for sub-item (*h*), the following sub-item shall be substituted, and shall be deemed always to have been substituted, namely:— 15

"(*h*) Vehicles the registered laden weight of which exceeds 10 tonnes.	The rate specified in (*g*) above *plus* Rs. 100 for every additional one tonne or part thereof in addition to 10 tonnes.". 20



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STATEMENT OF OBJECTS AND REASONS

Under section 20 of the Delhi Motor Vehicles Taxation 1962, the proceeds of the tax collected under that Act, reduced the cost of collection, are paid to the Delhi Municipal Corpor and the New Delhi Municipal Committee in the prescribed portion. At present, the Cantonment Board, Delhi, is not enti to a share of the proceeds of such tax. Since, however, the on motor vehicles is being collected from the entire Union territ of Delhi (including the area within the jurisdiction of the Cant ment Board, Delhi) and a share of the proceeds of such tax is gi to local bodies to enable them to meet the expenditure on the mai tenance, etc., of roads, it is considered necessary that a portion the proceeds of tax should be paid to the Cantonment Board, Delh also. Section 20 of the Act is proposed to be suitably substituted for the purpose.

Opportunity is also being taken to amend item III(*h*) of Part A of Schedule I to the Act to make the intention clear.

NEW DELHI;
The 1st May, 1965.

RAJ BAHADUR.

S. L. SHAKDHER,
Secretary.

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